

Neighborhood Stabilization Program

On October 15, 2008 at 2:00 p.m., Doug Harsany, of the Office of Housing and Community Partnerships (OHCP), initiated the third conference call regarding the Neighborhood Stabilization Program (NSP). The first conference call was made on September 4, 2008 and the second on September 9, 2008.

A roll call was read by Bill Bope, of OHCP, and the list of participants is attached.

To begin the meeting, Mr. Harsany stated that the purpose of today's conference call was to update the committee members on the State's progression with the NSP funds.

The first topic discussed was the data.

Mr. Harsany explained that OHCP was in the process of purchasing the best data possible to represent the greatest need throughout the entire State. There have been many issues encountered during this purchase. It has been more time intensive and more difficult than expected. The OHCP staff is not as far along on the data as they anticipated.

He went on to say that HUD held a training on October 14, in Columbus, to provide guidance on the NSP funds. There were several questions asked at the training, several of which have been posted on HUD's NSP website under the FAQ section. One of the most confusing topics involving the funds is the program income. There is some uncertainty on from whom and when the funds are recaptured.

Other topics discussed consisted of HUD not providing a definition for the term blighted, therefore it will be necessary for the State to provide a definition in its plan. And, most of Ohio is 120% of the AMI, therefore most areas would qualify under the Area Wide Benefit category for certain activities.

Mr. Harsany opened the conversation for feedback from the committee.

William J. Graves, the Community Development Division Director, discussed the data issues and stressed that the needs analysis is paramount. The Office of Strategic Research is currently working very hard to provide results. Is there a need to go beyond City level?

Dale Hartle, of the Ohio Regional Development Corp., stated that the counties have a great need for these funds and would be covered well if the State were to use recipients of CDBG Formula funds.

Mr. Graves reiterated that they must use the data to demonstrate the greatest need. What do the counties use to keep the properties up to code?

Aaron Sorrell, of the City of Dayton, stated that they have been tracking blighted or nuisance data for years and doesn't feel that HUD's data is correct. The foreclosure rates in 2007-2008 seem underestimated. He is relieved to hear that the State is looking at local data.

Amy Schocken, of CDC of Ohio, stated that many grantees do not have code enforcement and do not have local data like the larger cities do.

Fritz Leighty, of Leighty and Snider, Inc., said that some counties only have health department and subdivision regulations.

Amy Sackman Odum, of the City of Lima, stated that most zoning inspectors should have data by township. She also believed there was a flaw in HUD's formula. The City of Lima has a very large number of abandoned and foreclosed properties that need addressed.

Mr. Graves stated that HUD looked at a whole host of factors. The regression factors did not figure in effectively.

Amy Sackman Odum said that it would be more effective to use updated local data.

Mr. Graves said that the State will be looking at the best available data to base decisions.

Jack Riordan, of the Ohio Conference of Community Development, made the statement that it is too late to challenge HUD's formula.

Amy Sackman Odum asked if there was anything that could be done to improve the data at the State level?

Ken Lengieza, of the Marion County Regional Planning Commission, asked if the State was looking at the number of foreclosures in the rural areas.

Mr. Harsany replied that the plan was to use a standardized data base that covers the entire State at the zip code level.

Mr. Graves added that the number of foreclosures or a percentage of foreclosures by zip code would be compared to the State-wide data.

Amy Schocken asked how it would be determined which communities received funds?

Mr. Harsany answered that it could not be determined until the data was obtained, then it is planned to fund communities on a formula basis. It may be necessary for some communities to regionalize based on administrative capacity.

Paul Herdeg, of Cuyahoga County, said that it should be considered to disperse some funds on a first-come, first-serve basis to move the money faster.

Mr. Graves stated that the funding allocations must be based upon the greatest need.

Ryan Miller, of Habitat for Humanity for Ohio, asked if the 25% going to OHFA could be used for homeowners at 50% of the AMI.

William Graves expressed concern with getting homeownership projects completed in the quantities needed during the restrictive time frame.

Fritz Leighty said that OHFA handling the 25% set-aside would be good because there may be capacity issues for communities alone to address the rental needs.

Mr. Graves states that OHFA already has a vacant and abandoned property component in their program.

Jack Riordan said that the rental housing funds would be available in the metropolitan areas also.

Don Corley, of WSOS, stated that he is not opposed to regionalization. There are a number of organized task forces and many of them work with the Community Housing Improvement Program and Habitat for Humanity. The rural area distressed rental properties should not be overlooked.

Mr. Graves said the rental component would be available State-wide, not just in urban areas.

Ryan Miller said he thought the funds would work well with Habitat affiliates across the State, even with families that are very low income.

Don Corley suggested that some vacant properties may be identified through the public water system.

Aaron Sorrell stated that the foreclosures hit the hardest during the year 2005.

Paul Herdeg asked if there are funds allocated that cannot be spent, will they be put back into the pool to be re-allocated? We do not want to give funds back to HUD because there may be capacity issues.

Mr. Harsany said that administrative capacity would be reviewed prior to granting any funds and OHCP will also be providing training.

Aaron Sorrell asked if 25% of each community's funds would have to be set-aside for families at 50% or below the AMI.

Doug Harsany said that 25% of the State's program would be taken out of its total allocation, but each HUD direct recipient would have to deal with their 25% on their own. There is a rising issue with people that were homeowners that are now renters.

William Graves stated that until the settling of the housing market, OHFA suspended their first-time homebuyer program yesterday. This is a critical component for the buyers of rehabbed units. Are there people able to get loans to buy homes?

Fritz Leighty said that we must be careful with the program income and revenue generated through the program because there was a lot of confusion at HUD's training on this topic.

Paul Herdeg suggested that we get clarity on a national level because it is very confusing.

Jack Riordan said that the short funded communities needed to be taken into consideration. The method of distribution must be defensible to everyone including HUD. It will be an unwinnable situation.

Amy Sackman Odum stated that she is concerned about capacity and demolition is a priority.

Fritz Leighty said that you do not have to buy the property to demolish the structure.

William Graves said that is correct, but you must put a lien on the property and determine it unsafe.

Fritz Leighty stated that most cities cannot afford this process.

William Graves brought up the term "deconstruction." If the home is too far gone, re-use the materials or send them to a warehouse to store for later use. Maybe this would work for this program.

Fritz Leighty said the home would not meet the State Residential Rehabilitation Standards under a deconstruction program.

Amy Sackman Odum asked if counseling would be available with the NSP funds.

Paul Herdeg said the only counseling allowed is for homebuyers under the program.

Jack Riordan suggested putting any questions on HUD's webpage. They are still addressing issues through these questions.

Fritz Leighty said the 18 month deadline is a problem for everyone.

Paul Herdeg asked what concerns legislature will have with land banking.

Aaron Sorrell said land banking is not high on the legislative agenda.

William Graves stated that there is interest in land banks State-wide and they are in the State's Strategic Plan, but the 30-year old laws are in need of re-tooling.

Paul Herdeg said that maybe the December 1st deadline would make the people involved move quickly. In the event that authority is given to super land bank, they would like to have the flexibility with NSP funds to take advantage of it.

Amy Schocken asked about the NSP funds timeline.

Mike Hiler, OHCP Office Chief, answered that the comment period for the plan will begin on November 15, 2008, and end on December 1, 2008. The plan will be submitted to HUD on December 1. After approval and agreement is signed, there will be 10 months to obligate the funds. There will be 4 years to spend those obligated funds.

Doug Harsany added that the HUD direct recipient's plans are also due to HUD on December 1, 2008.

Jorgell Lawson, of HUD, stated they would like to get contracts out in mid January.

Rich Hendershot, of HUD, predicts difficulty getting all addresses submitted in 18 months.

Paul Herdeg asked who will be applying to the State Program.

William Graves said the primary focus is the greatest need, then administrative capacity.

Doug Harsany added that administrative capacity will be a threshold.

Paul Herdeg asked what will happen to cities high in need that do not have capacity.

Doug Harsany answered they will have to partner up with other communities. He added that once the communities with the greatest need are established, there will be a notice mailed out to the eligible communities to ask for interest and capacity.

Mr. Harsany thanked the conference call participants for their input and encouraged them to go to the State's website and HUD's website for updated information.

The conference call ended at 3:10 p.m.

Attachment