

Ohio Neighborhood Stabilization Program Action Plan

Draft Amendment

Prepared By:
Ohio Department of Development
Community Development Division
Office of Housing and Community Partnerships

Background

As required by the U.S. Department of Housing and Urban Development (HUD), the State of Ohio Department of Development (ODOD) submitted a Neighborhood Stabilization Program (NSP) Action Plan to HUD on December 1, 2008. Subsequently, ODOD determined that the plan must be amended to enable Ohio NSP award recipients to fully implement certain eligible NSP activities in accordance with HUD regulations. Except for the proposed revisions described below in the section "Proposed Amendments to the Ohio NSP Action Plan," all other language and requirements in the amended Ohio NSP Action Plan remain unchanged.

Written comments regarding the amendments will be accepted during a 15-day comment period, April 25-May 9, 2011, and must be delivered to Michael A. Hiler, Office Chief, Ohio Department of Development, Office of Housing and Community Partnerships, 77 South High Street, 24th Floor, P.O. Box 1001, Columbus Ohio 43216-1001; or faxed to (614) 752-4575; or e-mailed to nsp@development.ohio.gov. Mailed comments must be postmarked no later than May 9, 2011. Copies of the amendment can also be obtained from OHCP at the address listed above or by calling (614) 466-2285.

Proposed Amendments to the Ohio NSP Action Plan

Distributions and Uses of Funds

Eligible Activities

The following activities will be eligible for funding:

Residential Development

- establish financing mechanisms for purchase and redevelopment of foreclosed upon homes and residential properties, including such mechanisms as soft seconds, loan loss reserves, and share equity loans for low- and moderate income homebuyers;
- purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent or redevelop such homes and property;
- establish land banks for homes that have been foreclosed upon;
- demolish blighted structures; and
- redevelop demolished or vacant properties (including new construction).

NSP Information by Activity

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1. Activity Name:

Residential Development

2. Activity Type:

NSP Eligible Activity

- establish financing mechanisms for purchase and redevelopment of foreclosed upon homes and residential properties, including such mechanisms as soft seconds, loan loss reserves, and share equity loans for low- and moderate income homebuyers;
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- demolish blighted structures; and
- redevelop demolished or vacant properties (including new construction).

CDBG Eligible Activity

- 24 CFR 570.201 -- (a) Acquisition; (b) Disposition; (d) Clearance and remediation activities; (m) Construction of housing; (n) Direct homeownership assistance to persons whose incomes do not exceed 120 percent of median income;
- 24 CFR 570.202 -- Eligible rehabilitation and preservation activities; and
- As part of an activity delivery cost for an eligible activity as defined in 24 CFR 570.26.

3. National Objective:

Meets the national objective of benefiting low-, moderate- and middle-income persons at or below 120 percent AMI.

4. Activity Description:

This activity will provide homeownership opportunities to households with incomes at or below 120 percent of the area median income; and the improvement and reuse of vacant and abandoned properties. ODOD anticipates that approximately 20 percent of its allocation will be spent to purchase and rehabilitate abandoned and foreclosed residential properties for resale. This activity may include:

- acquisition/rehabilitation/resale, where the property is purchased by the program administrator (e.g., a nonprofit organization or other entity administering the grant for the community), rehabilitated to meet the program standards and resold to an income eligible household;
- direct purchase by an income eligible household, with assistance by the program (following an inspection of the property and approval of the program), then rehabilitated, as necessary, to meet the standards; or
- demolition of a blighted house, with a new house built on the site and sold to an income qualified household.

In **most cases**, a vacant and abandoned property is purchased, and the final outcome is homeownership by an income eligible household. The finance mechanism for any direct assistance provided to homebuyers will be in the form of zero percent interest loans, which may be deferred and forgiven over time. However, HOME affordability regulations must be followed to ensure that all monthly housing expenses associated with the principle, interest, taxes, and insurance (PITI) for an Ohio NSP-assisted house will not exceed 30 percent of the household's monthly income. Each household benefitting from this activity will be required to attend eight hours of homebuyer education.

In situations where acquisition of a property occurs, but the property is unsuitable for housing, other eligible activities may include:

- sale or donation of a property, as side lots, to low-, moderate-, middle-income neighbors;
- donation of a property to a community group; and
- acquisition of the property for use as a public facility/park; however, NSP funds **may not** be used for public facility/park development costs (e.g., acquisition of benches).