

## 1. NSP3 Grantee Information

| NSP3 Program Administrator Contact Information |   |
|--|---|
| Name (Last, First)                             | Osei-Kwame, Ebenezer                                |
| Email Address                                  | ebenezer.osei-kwame@toledo.oh.gov                   |
| Phone Number                                   | 419-245-1416  |
| Mailing Address                                | One Government Center, Suite 1800, Toledo, OH 43604 |

## 2. Areas of Greatest Need

### Map Submission

The map generated at the HUD NSP3 Mapping Tool for Preparing Action Plan website is included as an attachment.

### Data Sources Used to Determine Areas of Greatest Need

| Describe the data sources used to determine the areas of greatest need.   |
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| <p>Response:</p> <p>Areas of greatest need were determined by using the HUD Mapping Tool link from <a href="http://www.hud.gov/nsp">http://www.hud.gov/nsp</a>. To ensure that the funds be concentrated in highest needs census tracts to achieve significant impact, the City of Toledo set a minimum risk score of 17. These are areas with highest percentage of home foreclosures, highest percentage of homes financed by subprime mortgage related loans, and areas likely to face significant rise in the rate of home foreclosures. The areas of greatest need for NSP3 may include census tracts 16, 21, 29, 30, 66, 67, 68, and 74 (see attachment A) for acquisition/rehabilitation and redevelopment activities. Census tracts 66, 67, 68 and 74 contain one of the four original NSP1 tipping point areas, Secor Garden/Sleepy Hollow. Census tracts 16, 21, 29, and 30 contain two historic districts. The overall average score for these activities is 18.75.</p> <p>For demolition activities, NSP3 may include census tracts 62, 2, 3, 4, 57.03, 6, 7, 63, 16, 17, 18, 19, 12.02, 30, 29, 22, 21, 24.02, 25, 26, 74, 66, 67, 31, 32, 33, 35, 36, 68, 39, 40, 44, 43.02, 42, 41, 38, 53, 51, 48, and 47.01 (see attachment B). These census tracts include the original NSP1 and NSP2 CDC target neighborhoods where high levels of vacancies and blight have contributed to the need to tear down homes. In addition, they include the four NSP tipping point neighborhoods identified in NSP1 application.</p> <p>The overall score for the acquisition/rehabilitation redevelopment and demolition is 18.54.</p> |

### Determination of Areas of Greatest Need

| Describe how the areas of greatest need were established.  |
|--|
| <p>Response:</p> <p>The city used the following criteria to determine the area of greatest need:</p> <p>A. Some of the census tracts were part of NSP1 target area</p> |

- B. NSP1 projects are in progress in some of the census tracts
- C. Majority of completed NSP1 houses have been sold in some of the areas
- D. Some completed NSP1 houses have been lease-purchased in some of the census tracts
- E. City intends to concentrate funds in the identified census tracts to have significant impact
- F. The average minimum risk score for the area is 18.75 (see attachment A)

The city also considered the identified census tracts based on:

- Percent of households served at or below 50% AMI
- High needs risk score
- Affordable renting housing emphasis
- Section 3 recruitment and hiring requirements
- Incorporating green/energy efficient design features
- Minimum period of affordability requirements

## ▪ Definitions and Descriptions

### Definitions

| Term               | Definition  |
|--------------------|---|
| Blighted Structure | <p>The City of Toledo will use the Federal Register Vol73, No. 194 Monday, October 6, 2006 definition which defines blighted structure as “A structure is blighted when it exhibits objectively determinable signs of deterioration sufficient to constitute a threat to human health, safety, and public welfare.”</p> <p>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:</p> <p>(1) A structure that has one or more of the following conditions:</p> <ul style="list-style-type: none"> <li>(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;</li> <li>(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;</li> <li>(c) Tax or special assessment delinquencies exceeding the fair value of the land that remain unpaid thirty-five days after notice to pay has been mailed.</li> </ul> <p>(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</p> |

|                  |  |
|------------------|--|
|                  | <p>cannot reasonably be corrected through existing zoning codes or other land use regulations:</p> <ul style="list-style-type: none"> <li>(a) Dilapidation and deterioration;</li> <li>(b) Age and obsolescence;</li> <li>(c) Inadequate provision for ventilation, light, air, sanitation, or open spaces;</li> <li>(d) Unsafe and unsanitary conditions;</li> <li>(e) Hazards that endanger lives or properties by fire or other causes;</li> <li>(f) Noncompliance with building, housing, or other codes;</li> <li>(g) Nonworking or disconnected utilities;</li> <li>(h) Is vacant or contains an abandoned structure;</li> <li>(i) Excessive dwelling unit density;</li> <li>(j) Is located in an area of defective or inadequate street layout;</li> <li>(k) Overcrowding of buildings on the land;</li> <li>(l) Faulty lot layout in relation to size, adequacy, accessibility, or usefulness;</li> <li>(m) Vermin infestation;</li> <li>(n) Extensive damage or destruction caused by a major disaster when the damage has not been remediated within a reasonable time;</li> <li>(o) Identified hazards to health and safety that are conducive to ill health, transmission of disease, juvenile delinquency, or crime;</li> <li>(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.</li> </ul> |
| Affordable Rents | <p>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 household 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.</p> <p>Units assisted with NSP3 funds must meet the affordability requirements for not less than the applicable specified period. The affordability period will be applied by use of a deed restriction on the assisted property:</p> <p>Rents are recalculated by HUD periodically and distributed. The rents for a project are not required to be lower than the rent limits for the project in effect</p>   |

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|  | <p>at the time of project commitment</p> <p>Project owners will be provided with information on updated rent limits so rents may be adjusted in accordance with written agreement between the agency and the owner. Owners must provide annual information on rents and occupancy of the assisted units to demonstrate compliance.</p> <p>Any increase in rents for the assisted units is subject to the provisions of the outstanding leases, and in any event, the owner must provide tenants of those units not less than 30 days prior written notice before implementing any increase in rents.</p> |
|--|--|

### Descriptions

| <b>Term</b>             | <b>Definition</b>   |
|-------------------------|---|
| Long-Term Affordability | <p>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.</p> <p>Homeownership affordability will use the HOME standards at 24 CFR 92.254 which include:</p> <ul style="list-style-type: none"> <li>• The house must be single-family</li> <li>• The house must be modest</li> <li>• Housing must serve families and individuals whose incomes do not exceed 120% AMI</li> <li>• Houses must be the principal residence of the households through out the affordability period</li> </ul> <ul style="list-style-type: none"> <li>• Periods of affordability: <ul style="list-style-type: none"> <li>• \$1 to \$14,999.00 - 5-year term,</li> <li>• \$15,000.00 to 39,999.00– 10-year term</li> <li>• \$40,999.00 or more – 15-year term</li> </ul> </li> <li>• Recapture requirements shall be applied to ensure affordability. Recapture provisions will ensure that all or portion of NSP3 assistance to homebuyers, if the house ceases to be the principal residence of the household for the affordability period, is returned to the city to be used in assisting eligible homebuyers. Acceptable recapture options will include: 9(a) recapture of the entire amount of assistance from the homeowner; (b) reduction of the amount based on the length of time the property was owned and occupied by the homeowner.</li> </ul> |

|   |   |
|---|---|
| <p>Housing Rehabilitation Standards</p> | <p>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:</p> <ul style="list-style-type: none"> <li>• 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 will be developed to clearly identify corrections of all such violations.</li> <li>• 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.</li> <li>• Energy Efficiency – All newly constructed residential buildings shall meet HUD’s Energy-Efficiency Model Code. All rehabilitated structures 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.</li> <li>• 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.</li> </ul> |
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▪ **Low-Income Targeting**

**Low-Income Set-Aside Amount**

Enter the low-income set-aside percentage in the first field. The field for total funds set aside will populate based on the percentage entered in the first field and the total NSP3 grant.

**Identify the estimated amount of funds appropriated or otherwise made available under the NSP3 to be used to provide housing for individuals or families whose incomes do not exceed 50 percent of**

**area median income.**

Response:

Total low-income set-aside **percentage** (must be no less than 25 percent): 25.00%  
Total funds set aside for low-income individuals =897,928.75

**Meeting Low-Income Target**

**Provide a summary that describes the manner in which the low-income targeting goals will be met.**

Response:

The city will use at least \$897,928.75 to provide 14 rental units to address the housing needs of families and individuals whose income do not exceed 50% AMI in the identified area using the scoring system. The funds may be used to provide rental housing units to benefit households earning less than 50% AMI

▪ **Acquisition and Relocation**

**Demolition or Conversion of LMI Units**

|   |  |
|---|--|
| Does the grantee intend to demolish or convert any low- and moderate-income dwelling units (i.e., ≤ 80% of area median income)? | Yes<br>(Note: The following numbers are approximations and may change) |
|---|--|

If yes, fill in the table below.

| <b>Question</b>  | <b>Number of Units</b> |
|--|------------------------|
| The number of low- and moderate-income dwelling units—i.e., ≤ 80% of area median income—reasonably expected to be demolished or converted as a direct result of NSP-assisted activities.   | 45                     |
| The number of NSP affordable housing units made available to low; moderate, and middle-income households—i.e., ≤ 120% of 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). | 10                     |
| The number of dwelling units reasonably expected to be made available for households whose income does not exceed 50 percent of area median income.  | 14                     |

▪ **Public Comment**

**Citizen Participation Plan**

**Briefly describe how the grantee followed its citizen participation plan regarding this proposed substantial amendment or abbreviated plan.**

Response:

- The public comment period was between February 9<sup>th</sup> and February 23<sup>rd</sup>, with a hearing on February 16, 2011. The public notice regarding the public comment period and the public hearing date appeared in the Toledo Blade (the newspaper with largest circulation) on January 30<sup>th</sup> 2011 and in the La Prensa and The Truth on February 3, 2011. In addition to posting the initial NSP3 Action Plan on the City of Toledo’s web site on February 9<sup>th</sup> the Department of Neighborhoods distributed several copies to places as identified in the approved City of Toledo’s citizen participation plan on or before February 9<sup>th</sup>. These include placement of hard copies at a public library branches within the City of Toledo, at the Fair Housing, Department of Development, Department of Neighborhoods, Clerk of Council, The Ability Center of Greater Toledo, Toledo Lucas County Homelessness Board, and Lucas Metropolitan Housing Authority.

After posting the initial NSP3 Action Plan on the City of Toledo’s web site, and distributing several copies to places such as area libraries, the city received no public comments.

### Summary of Public Comments Received.

The city received no public comments.

#### ▪ NSP Information by Activity

Enter each activity name and fill in the corresponding information. If you have fewer than seven activities, please delete any extra activity fields. (For example, if you have three activities, you should delete the tables labeled “Activity Number 4,” “Activity Number 5,” “Activity Number 6,” and “Activity Number 7.” If you are unsure how to delete a table, see the instructions [above](#). The field labeled “Total Budget for Activity” will populate based on the figures entered in the fields above it.

Consult the [NSP3 Program Design Guidebook](#) for guidance on completing the “Performance Measures” component of the activity tables below.

| Activity Number 1                                      |  |
|--|--|
| <b>Activity Name</b>                                   | Acquisition and Rehabilitation   |
| <b>Uses</b>  | Select all that apply:   |
|  | <input type="checkbox"/> Eligible Use A: Financing Mechanisms  |
|  | <input checked="" type="checkbox"/> Eligible Use B: Acquisition and Rehabilitation                             |
|  | <input type="checkbox"/> Eligible Use C: Land Banking  |
|  | <input type="checkbox"/> Eligible Use D: Demolition  |
| <input type="checkbox"/> Eligible Use E: Redevelopment |  |
| <b>CDBG Activity or Activities</b>                     | 24 CFR 570.201(a) Acquisition<br>(b) Disposition<br>(i) Relocation, and<br>(2) Direct homeownership            |
|  | 24 CFR 570.202 eligible rehabilitation and preservation activities for homes and other residential properties. |

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|                             | <p>HUD notes that any of the activities may include required homebuyer counseling as an activity delivery cost</p> <p>As part of an activity delivery cost for an eligible activity as defined in 24 CFR 570.206</p>  |
| <b>National Objective</b>   | Low Moderate Middle Income Housing (LMMH)   |
| <b>Activity Description</b> | <p>Eligible Use B. Resale</p> <p>Purchase and rehabilitation of foreclosed or abandoned residential properties in order to sell such homes and properties. Activities include acquisition, demolition, disposition, down payment assistance, rehabilitation or construction, housing counseling.</p> <p>Financial strategies such as down payment assistance will be used under NSP3 to help income-qualified homebuyers purchase houses. Down payment assistance will be in an amount equal to 20% of the appraised value of the house. 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:</p> <ul style="list-style-type: none"> <li>• \$1 to \$14,999.00 NSP funds - 5-year term,</li> <li>• \$15,000.00 to 39,999.00 NSP funds – 10-year term, or</li> <li>• \$40,999.00 or more NSP funds – 15-year term</li> </ul> <p>Down payment assistance loans will be forgiven on a prorated basis as long as the property is occupied as the primary residence.</p> <p>The City anticipates that about 37% of the funds awarded will be used primarily to expand affordable home ownership opportunities. The city intends to use about 25% of the funds to benefit households earning less than 50% AMI.</p> <p>Properties acquired under this program will have a purchase discount of at least 1% of the appraised value.</p> <p>Each homebuyer must complete an eight-hour homebuyer education from a HUD certified counseling program.</p> <ul style="list-style-type: none"> <li>• This activity will address local housing market conditions by: providing affordable energy-efficient housing units that are priced to be sustainable by households at or below 120% AMI. The City has identified homeownership as a means of stabilizing the neighborhoods that are predominantly owner-occupied from further decline in housing prices.</li> <li>• Range of Interest Rates<br/>No interest will be applied to these funds</li> <li>• Duration or term of assistance:</li> </ul> |

The duration of the assistance will be regulated by HOME Affordability Requirements outlined under *Section 3: Definitions and Descriptions*

Construction/development loans will be provided to developers for up to 36 months at 0% interest with no monthly payments required. The amount of the construction/development loan will be up to the total amount of the total project cost minus the development subsidy. The Department of Neighborhoods may agree to extend the terms of the loan at the maturity date, including, but not limited to, charging interest and requiring monthly payments for those properties that are being leased with the option to purchase.

Development subsidy may be provided for that portion of total project cost above the sale price. This development subsidy shall be in the form of a grant.

Up to \$250,000 will be available to will be available for acquisition, rehabilitation, and resale or lease with the option to purchase for developers within census tracts 16, 21, 29 and 30 as a demonstration project.

- Down payment/closing costs (DPA) loans may be given in an amount up to 20% of the sale price of the property from program income. The DPA loans will be forgivable loans at 3% interest. Forgiveness will be based upon the length of time that the owner maintains the property as a principal residence. Forgiveness shall be on a pro-rata basis. If a property has a 10-year affordability period and the property is sold in the 40<sup>th</sup> month, the homeowner would be forgiven 33.33% of the original loan amount and would be liable to pay off the 66.67% of the original loan amount plus filing fee costs for the mortgage release.

Permanent financing for the remainder of the cash needed to purchase not provided by the NSP3 DPA will be from a participating DPA financial institution. The participating DPA financial institution will collect and send the necessary documents for income verification to the Department of Neighborhoods. While the financial institution will collect and provide necessary documentation, the verification of income for DPA recipients and the approval of DPA loans shall be to responsibility of the Department of Neighborhoods.

- Tenure:  
Homeownership
- Expected Benefit:  
Please see Performance Measures
- Continued Affordability:  
Please see outline under *section 3: Definitions and Descriptions*

- Hiring employees who reside in the vicinity of NSP3 projects or contracting with small business that are owned and operated by persons residing in the vicinity of the project including information on existing local ordinances that address these requirements: Funding will give priority to those developers that emphasize Section 3 recruitment and hiring practices.
- Preference for development of affordable rental housing: If “for sale” properties are on the market for extended period of time, the initial sale price (which is based upon an “after-rehab” appraisal) will be lowered and “lease with the option to purchase” will be available. Preference for the “lease with the option to purchase” will be given to low-income households. This option provides an opportunity for low-income family or individual to occupy and potentially own the property. Funding will give priority to those developers that emphasize affordable rental housing activities.

Eligible Use Rental:

Purchase and rehabilitation of foreclosed or abandoned residential properties in order to sell such homes and properties. Activities include acquisition, demolition, disposition, direct homeownership assistance, rehabilitation or construction, housing counseling.

The City anticipates that about 37% of the funds awarded will be used primarily to expand affordable home ownership opportunities. The city intends to use about 25% of the funds to benefit households earning less than 50% AMI.

Properties acquired under this program will have a purchase discount of at least 1% from appraised value.

Each buyer must complete an eight-hour homebuyer education from a HUD certified counseling program.

- This activity will address local housing market conditions by: providing affordable energy-efficient housing units that are priced to be sustainable by households at or below 120% AMI. The City has identified homeownership as a means of stabilizing the neighborhoods that are predominantly owner-occupied from further decline in housing prices.
- Range of Interest Rates  
No interest will be applied to these funds
- Duration or term of assistance:

The amount and terms of the assistance are flexible. Private financing

for some portion of the loan is encouraged. The loan amount will be that amount of the loan that is necessary to maintain a total 1.2 Debt Coverage Ratio throughout the term of the loan using a proforma that has at least a 1% difference between the annual increase of reasonable expenditures and income (for example, 3% increase in expenditures and 2% increase in income). The term of the loan will be at least equal to the affordability period, but not to exceed 20 years. The interest rate will be flexible between 0% and the long-term annual applicable federal rate in place at the time of the closing. The repayment terms shall be flexible to enable the project to maintain the 1.2 debt coverage ratio throughout term of the loan and may include deferred payments during some portion of the first half of the term. Annual payments will be structured as cash flow payment loans.

- Tenure:  
Rental
- Expected Benefit:  
Please see Performance Measures
- Continued Affordability:  
Please see outline under *section 3: Definitions and Descriptions*

The period of affordability meets the following schedule:

- \$1 to \$14,999.00 NSP funds - 5-year term,
  - \$15,000.00 to 39,999.00 NSP funds – 10-year term, or
  - \$40,999.00 or more NSP funds – 15-year term
- 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 household 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 (see attachment C).

The developer/owner will at the time of first occupancy verify tenants meet income requirements and then thereafter once a year verify continued adherence to the income requirements.

- Hiring employees who reside in the vicinity of NSP3 projects or contracting with small business that are owned and operated by persons residing in the vicinity of the project including information on existing local ordinances that address these requirements:  
Funding will give priority to those developers that meet Section

|                                  |   |  |         |       |
|----------------------------------|---|--|---------|-------|
|                                  | <p>requirements and emphasize Section 3 recruitment and hiring practices.</p> <ul style="list-style-type: none"> <li>Hiring employees who reside in the vicinity of NSP3 projects or contracting with small business that are owned and operated by persons residing in the vicinity of the project including information on existing local ordinances that address these requirements:<br/>Funding will give priority to those developers that emphasize Section 3 recruitment and hiring practices.</li> <li>Preference for development of affordable rental housing:<br/>Funding will give priority to those developers that emphasize affordable rental housing activities. Only projects with at least 20% of the rental units being affordable for low and moderate-income households will be eligible for NSP3 financing. Higher preference will be given to those projects with higher low -income household restrictions.</li> </ul> |  |         |       |
| <b>Location Description</b>      | Identified areas with census tract minimum risk score of 18.75  |  |         |       |
| <b>Budget</b>                    | <b>Source of Funding</b>  | <b>Dollar Amount</b>   |         |       |
|                                  | NSP3  | \$1,335,443.25   |         |       |
|                                  | (Other funding source)  | \$0.00   |         |       |
|                                  | (Other funding source)  | 0.00   |         |       |
| <b>Total Budget for Activity</b> | <b>\$1,335,443.25</b>   |  |         |       |
| <b>Performance Measures</b>      | Estimated Households Assisted AMI   |  |         |       |
|                                  | Tenure  | 0-50%  | 51-120% | Total |
|                                  | Resale  | 0  | 10      | 10    |
|                                  | Rental  | 14   | 0       | 14    |
|                                  | These approximations are based on NSP3 Pre-Application  |  |         |       |
| <b>Projected Start Date</b>      | May, 2011   |  |         |       |
| <b>Projected End Date</b>        | May, 2014   |  |         |       |
| <b>Responsible Organization</b>  | <b>Name</b>   | City of Toledo   |         |       |
|                                  | <b>Location</b>   | One Government Center, Suite 1800<br>Toledo, OH 43604                    |         |       |
|                                  | <b>Administrator Contact Info</b>   | Ebenezer Osei-Kwame<br>419-245-1416<br>ebenezer.osei-kwame@toledo.oh.gov |         |       |

| <b>Activity Number 2</b>                               |   |
|--|---|
| <b>Activity Name</b>                                   | Demolition  |
| <b>Use</b>   | Select all that apply:  |
|  | <input type="checkbox"/> Eligible Use A: Financing Mechanisms           |
|  | <input type="checkbox"/> Eligible Use B: Acquisition and Rehabilitation |
|  | <input type="checkbox"/> Eligible Use C: Land Banking                   |
|  | <input checked="" type="checkbox"/> Eligible Use D: Demolition          |
| <input type="checkbox"/> Eligible Use E: Redevelopment |   |
| <b>CDBG Activity or Activities</b>                     | 24 CFR 570.201(d) Clearance for blighted structures only                |

|                             |  |
|-----------------------------|--|
| <b>National Objective</b>   | Serves areas where at least 51 percent of the residents have incomes at or below 120% .AMI. Targeted demolitions will be undertaken to remove blight and criminal influences in order to promote property values in those neighborhoods and support existing or planned development.   |
| <b>Activity Description</b> | <p>The properties demolished with NSP3 funds will be blighted structures.</p> <p>Once a blighted is identified, city will contract and/or perform eligible activities. Eligible activities are cost directly associated with:</p> <ul style="list-style-type: none"> <li>• Deconstruction and demolition (includes utility shut-off. Hazardous materials testing, and removal);</li> <li>• Clearance, removal, and disposition of materials;</li> <li>• Site restoration (grading, seeding, and curb replacement)</li> </ul> <p>The following outlines the general terms and conditions of this activity:</p> <p>This activity will address local housing conditions by: Demolishing blighted structures 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. The lots will be redeveloped when demand for rental or homeownership opportunities returns.</p> <ul style="list-style-type: none"> <li>• Duration of term or assistance:<br/>NA</li> <li>• Tenure<br/>NA</li> <li>• Expected Benefit:<br/>Please see Performance Measure</li> <li>• Continued Affordability:<br/>Please see outline under <i>section 3: Definitions and Descriptions</i></li> <li>• Hiring employees who reside in the vicinity of NSP3 projects or contracting with small business that are owned and operated by persons residing in the vicinity of the project including information on existing local ordinances that address these requirements:<br/>Funding will give priority to those developers that emphasize Section 3 recruitment and hiring practices.</li> <li>• Preference for development of affordable rental housing:<br/>Funding will give priority to those developers that emphasize affordable rental housing activities</li> </ul> |
| <b>Location Description</b> | Demolition will be used a strategy to remove 45 blighted housing units in  |

|                                  |  |  |
|----------------------------------|--|--|
|                                  | NSP3 targeted neighborhoods in the central city (see attachment B) |  |
| <b>Budget</b>                    | <b>Source of Funding</b>   | <b>Dollar Amount</b>                               |
|                                  | NSP3   | \$359,171.50                                       |
|                                  | (Other funding source)   | \$0.00   |
|                                  | (Other funding source)   | \$0.00   |
| <b>Total Budget for Activity</b> | \$359,171.50   |  |
| <b>Performance Measures</b>      | The city plans to demolish 45 housing units.                       |  |
| <b>Projected Start Date</b>      | May, 02011   |  |
| <b>Projected End Date</b>        | May, 2014  |  |
| <b>Responsible Organization</b>  | <b>Name</b>  | City of Toledo                                     |
|                                  | <b>Location</b>  | One Government Center, Suite 1800<br>Toledo, 43604 |
|                                  | <b>Administrator Contact Info</b>                                  | 419-245-1416<br>Ebenezer.osei-kwame@toledo.oh.gov  |

| <b>Activity Number 3</b>  |   |
|---|---|
| <b>Activity Name</b>  | Redevelopment   |
| <b>Use</b>  | Select all that apply:  |
|   | <input type="checkbox"/> Eligible Use A: Financing Mechanisms   |
|   | <input type="checkbox"/> Eligible Use B: Acquisition and Rehabilitation   |
|   | <input type="checkbox"/> Eligible Use C: Land Banking   |
|   | <input type="checkbox"/> Eligible Use D: Demolition   |
| <input checked="" type="checkbox"/> Eligible Use E: Redevelopment |   |
| <b>CDBG Activity or Activities</b>                                | <p>24 CFR 570.201(a) Acquisition,<br/>(b) Disposition<br/>(e) Public services for housing counseling, but only limited to the extent that counseling beneficiaries are limited to prospective purchasers or tenants of the redeveloped properties<br/>(i) Relocation, and<br/>(2) Direct homeownership</p> <p>24 CFR 570.202 eligible rehabilitation and preservation activities for houses and other residential properties.</p> <p>HUD notes that any of the activities may include required homebuyer counseling as an activity delivery cost</p> <p>New construction of houses is an eligible part of redevelopment of demolished or vacant properties.</p> |
| <b>National Objective</b>   | To benefit low, moderate and middle-income persons (at or below 120% AMI)   |
| <b>Activity Description</b>                                       | <p>Activities include acquisition, demolition, disposition, and new construction. Redevelopment may be for housing only.</p> <p>This program will involve the reuse of vacant properties, including vacant structures and demolished properties. Vacant structures may be commercial, single-family, or multi-family properties. Activities under this section may include acquisition of blighted structures, demolition and redevelopment costs of building rental or ownership units.</p>  |

Properties acquired under this program will have a purchase discount of at least 1% from appraised value.

Redeveloped properties may include rental, or homeownership. 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. The sale prices of NSP3-financed houses will be either the final appraised value or the total project costs (acquisition, rehabilitation, including 15% developer fee, and other eligible soft costs), whichever is less. When NSP3-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.

Gap financing may be provided for new construction or conversion of structures into housing units that will benefit people whose incomes do not exceed 120% AMI. Proposals will be evaluated based on economic feasibility, the amount of the project gap, the timeline for completion, and evidence of committed funding sources necessary to undertake the proposed project.

Financial strategies such as down payment assistance will be used under NSP3 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 39,999.00 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

Each buyer must complete an eight-hour homebuyer education from a HUD certified counseling program.

Please see minimum affordability period for assistance under *section 3:Definitions and Descriptions*.

- This activity will address local housing market conditions by: providing affordable energy-efficient housing units that are priced to be sustainable by households at or below 120% AMI. Resale or lease-purchase units will help to stabilize the neighborhoods and prevent further decline in housing prices.
- Range of Interest  
No interest will be applied to these funds

- Duration or term of assistance:

For “for sale” properties

Construction/development loans will be provided to developers for up to 36 months at 0% interest with no monthly payments required. The amount of the construction/development loan will be up to the total amount of the total project cost minus the development subsidy. The City of Toledo may agree to extend the terms of the loan at the maturity date, including, but not limited to, charging interest and requiring monthly payments for those properties that are being leased with the option to purchase.

Development subsidy may be provided for that portion of total project cost above the sale price. This development subsidy shall be in the form of a grant.

- Down payment/closing costs (DPA) loans may be given in an amount up to 20% of the sale price of the property from program income. The DPA loans will a forgivable loan will be at 3% interest. Forgiveness will be based upon the length of time that the owner maintains the property as their principal residence. Forgiveness shall be on a pro-rata basis. If a property has a 10-year affordability period and the property is sold in the 40<sup>th</sup> month, the homeowner would be forgiven 33.33% of the original loan amount and would liable to pay off the 66.67% of the original loan amount plus filing fee costs for the mortgage release.

Permanent financing for the remainder of the cash needed to purchase not provided by the NSP3 DPA will be from a participating DPA financial institution. The participating DPA financial institution will collect and send the necessary documents for income verification to the Department of Neighborhoods. While the financial institution will collect and provide necessary documentation, the verification of income for DPA recipients and the approval of DPA loans shall be to responsibility of the Department of Neighborhoods.

For Rental Properties

The amount and terms of the assistance are flexible. Private financing for some portion of the loan is encouraged. The loan amount will be that amount of the loan that is necessary to maintain a total 1.2 Debt Coverage Ratio throughout the term of the loan using a proforma that has at least a 1% difference between the annual increase of reasonable expenditures and income (for example, 3% increase in expenditures and 2% increase in income). The term of the loan will be at least equal to the affordability period, but not to exceed 20 years. The interest rate will be flexible between 0% and the long-term annual applicable federal rate in place at the time of the closing. The repayment terms

|                                  |   |                      |
|----------------------------------|---|----------------------|
|                                  | <p>shall be flexible to enable the project to maintain the 1.2 debt coverage ratio throughout term of the loan and may include deferred payments during some portion of the first half of the term. Annual payments will be structured as cash flow payment loans.</p> <ul style="list-style-type: none"> <li>• Tenure:<br/>Homeownership or rental</li> <li>• Expected Benefit:<br/>Please see Performance Measures</li> <li>• Continued Affordability:<br/>The amount and terms of the assistance are flexible. Private financing for some portion of the loan is encouraged. The loan amount will be that amount of the loan that is necessary to maintain a total 1.2 Debt Coverage Ratio throughout the term of the loan using a proforma that has at least a 1% difference between the annual increase of reasonable expenditures and income (for example, 3% increase in expenditures and 2% increase in income). The term of the loan will be at least equal to the affordability period, but not to exceed 20 years. The interest rate will be flexible between 0% and the long-term annual applicable federal rate in place at the time of the closing. The repayment terms shall be flexible to enable the project to maintain the 1.2 debt coverage ratio throughout term of the loan and may include deferred payments during some portion of the first half of the term. Annual payments will be structured as cash flow payment loans.</li> <li>• Hiring employees who reside in the vicinity of NSP3 projects or contracting with small business that are owned and operated by persons residing in the vicinity of the project including information on existing local ordinances that address these requirements:<br/>Funding will give priority to those developers that emphasize Section 3 recruitment and hiring practices.</li> <li>• Preference for development of affordable rental housing:<br/>Funding will give priority to those developers that emphasize affordable rental housing activities</li> </ul> |                      |
| <b>Location Description</b>      | Identified census tracts areas with minimum risk score of 18.75   |                      |
| <b>Budget</b>                    | <b>Source of Funding</b>  | <b>Dollar Amount</b> |
|                                  | NSP3  | \$640,000            |
|                                  | (Other funding source)  | \$0.00               |
|                                  | (Other funding source)  | \$0.00               |
| <b>Total Budget for Activity</b> | \$640,000   |                      |
| <b>Performance Measures</b>      | Provide 4 houses to benefit people whose incomes do not exceed 120% AMI   |                      |
| <b>Projected Start Date</b>      | May, 2011   |                      |
| <b>Projected End Date</b>        | May, 2014   |                      |

|                                 |                                   |  |
|---------------------------------|-----------------------------------|--|
| <b>Responsible Organization</b> | <b>Name</b>                       | City of Toledo   |
|                                 | <b>Location</b>                   | One Government Center, Suite 1800<br>Toledo, 43604                       |
|                                 | <b>Administrator Contact Info</b> | Ebenezer Osei-Kwame<br>419-245-1416<br>ebenezer.osei-kwame@toledo.oh.gov |

| <b>Activity Number 4</b>                               |   |   |
|--|---|---|
| <b>Activity Name</b>                                   | Administration  |   |
| <b>Use</b>   | Select all that apply: Administration   |   |
|  | <input type="checkbox"/> Eligible Use A: Financing Mechanisms   |   |
|  | <input type="checkbox"/> Eligible Use B: Acquisition and Rehabilitation   |   |
|  | <input type="checkbox"/> Eligible Use C: Land Banking   |   |
|  | <input type="checkbox"/> Eligible Use D: Demolition   |   |
| <input type="checkbox"/> Eligible Use E: Redevelopment |   |   |
| <b>CDBG Activity or Activities</b>                     | <b>Program Administration:</b> Administration duties relative to the overall grant program  |   |
| <b>National Objective</b>                              | NA  |   |
| <b>Activity Description</b>                            | NSP3 regulation provides a maximum of 10% of the allocation towards planning and administrative costs related to overseeing the program, reporting, marketing, 8-hour home ownership training, and other general administrative activities. |   |
| <b>Location Description</b>                            | Identified census tract areas with a minimum risk score of 18.54  |   |
| <b>Budget</b>  | <b>Source of Funding</b>  | <b>Dollar Amount</b>                                  |
|  | NSP3  | \$359,171.50  |
|  | (Other funding source)  | \$0.00  |
|  | (Other funding source)  | \$0.00  |
| <b>Total Budget for Activity</b>                       | \$356,171.50  |   |
| <b>Performance Measures</b>                            | NA  |   |
| <b>Projected Start Date</b>                            | Pre-award   |   |
| <b>Projected End Date</b>                              | May, 2011   |   |
| <b>Responsible Organization</b>                        | <b>Name</b>   | City of Toledo  |
|  | <b>Location</b>   | One Government Center, Suite 1800<br>Toledo, OH 43604 |
|  | <b>Administrator Contact Info</b>   | 419-245-1416<br>ebenezer.osei-kwame@toledo.oh.gov     |



