

2011

NEIGHBORHOOD STABILIZATION PROGRAM 3

Elkhart County, IN NSP3 Action Plan

This plan contains Elkhart County's program design for the distribution and use of allocated NSP3 funds awarded by the U.S. Department of Housing and Urban Development.

3/1/2011



NSP3 Grantee Information

NSP3 Program Contact Information	
Jurisdiction:	County of Elkhart, Indiana
NSP3 Contact Name	Krueger, Kristine
Email Address	kkrueger@elkhartcounty.com
Phone Number	574-535-6746
Fax Number	574-535-6747
Mailing Address	117 N Second St, Goshen, IN 46526
Web Address for NSP3 Action Plan	http://www.elkhartcountyindiana.com/Departments/departments.htm

This document is a reflection of Elkhart County's commitment to continuously improve housing. This abbreviated action plan outlines the expected distribution and use of \$1,193,194.00 that has been allocated by the U.S. Department of Housing and Urban Development (HUD) through Neighborhood Stabilization Program (NSP) funds.

Elkhart County (County) is partnering with the City of Nappanee (or Nappanee) to invest NSP3 funds in the designated target area for the purpose of assisting in the redevelopment of abandoned and foreclosed homes and stabilizing neighborhood(s) whose viability has been and continues to be damaged by the economic effects of such properties.

Approximately 90% or 1,073,875.00 of NSP3 funds will be utilized to arrest the decline in target neighborhood(s) located in the City of Nappanee that have been negatively affected by abandoned or foreclosed properties, by providing decent housing, a suitable living environment and economic opportunity, principally for persons of low- and moderate-income. It is the County and Nappanee's vision that through NSP3 funding, target neighborhood(s) will not only become more stable, but also more sustainable, inclusive, competitive, and integrated into the overall community fabric. The remaining 10% or \$119,319.00 has been budgeted toward successful program implementation activities (administration).

Goals: Elkhart County and Nappanee have jointly set aggressive but achievable goals for outputs and outcomes for NSP3 funds. The primary overarching goal is to *promote stability for both the housing market and homeowners*. Action goals include: arrest decline in target neighborhood(s), stabilize the neighborhood(s) and position the neighborhood(s) for a sustainable role in the revitalization of the community.

Outputs: It is anticipated that through integrated area-wide planning, coordination, and effective partnership, the program will create the following outputs: a) acquisition of vacant abandoned and/or foreclosed residential properties, b) rehabilitation of vacant homes and/or residential properties, c) demolition of vacant blighted structures, d) redevelopment of demolished or vacant properties, e) investment in affordable housing that will remain desirable and affordable, f) adaptation and implementation of procedures to address impediments to fair housing choice and affirmatively market NSP3-assisted housing and g) optimization of economic activity through creation of job and/or business opportunities arising from program implementation.

Outcomes: The following outcomes will be direct program benefits: 1) improvement of property values and stabilization of the tax base, 2) reduction of large declines in home values, 3) decrease in the number of dilapidated and/or vacant units, 4) increase in affordable housing stock, 5) stronger level of homeownership and improved housing stock especially for very low-income households, and 6) increased sales of residential property.

Areas of Greatest Need

Since 1999, the foreclosure rate in Indiana has exceeded the national rate. From 2000 to 2007 Indiana's foreclosure rate ranked first or second in the country. Locally, the foreclosure rate in October 2010 was 4.06%, while the national rate for that month was 3.33%. The annual number of properties facing foreclosure listed in the Elkhart County Sheriff's sale has continued to climb. Reports show that in 2006, 723 foreclosed properties were available at the sale. In 2007 that number rose to 928. In 2009, 1,509 foreclosed properties were included in the Sheriff sale. That is double the amount listed in 2006 and it is estimated that 2011 will see higher numbers.

Homeowners losing their homes aren't the only victims of foreclosures. Foreclosures reduce neighborhood home values and tax base and damages the community's vitality. As a result of high foreclosure rates and the number of abandoned properties, numerous neighborhoods throughout Elkhart County are experiencing significant disinvestment. Disinvested neighborhoods are plagued by deteriorating housing stock, declining property values and negative neighborhood images. Disinvested neighborhoods cause havoc with the community's quality of life and image of livability. Traditional focus and intervention is very often unable to respond to scattered problematic areas in these communities. In turn these seemingly isolated foreclosures quickly result in widespread disinvestment.

This condition must be combated with unique approaches toward mitigation and reversal of the negative impact imposed by foreclosures and abandoned housing. Elkhart County recognizes the need to marshal resources and deploy comprehensive strategies to fight the decline of our neighborhoods. It is imperative that new resources be invested in neighborhoods experiencing significant economic decline. The County believes that focused efforts and positive investment in declining areas of need will be the tipping point for future community revitalization and stabilization. With such efforts as the NSP3 program, these neighborhoods will be better equipped to weather the storm and better able to build off their strengths to become stable.

Upon review of its market, goals, capacity and funding, the County has decided to go with its strengths and undertake activities where there are experienced, committed and future-oriented partners to engage. The County examined available data provided by HUD, the State of Indiana and the Cities of Elkhart and Goshen to assist in its determination of NSP3 target area. In addition, the County took into consideration the expertise of the local development teams, readiness to proceed, and the goals of comprehensive plans. It was determined that by focusing NSP3 funding into one area would have a greater impact than if it were distributed to scattered sites throughout the County. It soon became clear that the City of Nappanee was not

only an area of greatest need and a community less served by county funding but whose community goals corresponded with the County, NSP, and HUD.

The City of Nappanee is a small community whose elected officials continually strive to create and maintain confidence and pride in their neighborhoods and community. Nappanee's revitalization plan includes the following: 1) identify potential redevelopment opportunities, 2) set preservation and revitalization as a priority, 3) identify redevelopment incentives, and 4) continue proactive infrastructure improvements. They have incorporated street, sidewalk, lighting, and landscaping improvements into their plans which would support the proposed resale of the single-family properties assisted through NPS3 funding. Additionally Nappanee has a reputation for encouraging businesses, schools, churches, and service groups to invest in their community.

As a result of these factors, the County has chosen to partner with the City of Nappanee to implement the NSP3 program in an area of greatest need that would strongly impact the stabilization of the community.

The County and Nappanee adopted HUD's determination of greatest need for the purpose of determining NSP3 target areas: areas that have high number of foreclosed and/or vacant properties in neighborhoods with highest concentration of foreclosures, delinquent loans and subprime loans were given top priority. Utilizing US Department of Housing and Urban Development (HUD) foreclosure and abandonment risk score data it became clear that a significant percentage of the City of Nappanee had scored high in need. After further review of the data provided by HUD it was determined that the area of greatest need is an area referred to as "Nappanee4".

The primary areas of greatest need were established on the basis of its conformity to the following criteria: 1) an NSP3 threshold score of at least 17; 2) a percentage of persons less than 120% AMI of at least 50% and 3) a percentage of persons less than 80% AMI of at least 30%. In addition, the total overall number of properties needed to make an impact in the identified target area would be a minimum of 4 units. This number is based, in part, on what the County and the City of Nappanee considers feasible in terms of acquiring, rehabilitating and selling homes to qualified homebuyers.

The primary target area has a Neighborhood NSP3 need score of 17.86 and a State Minimum Threshold NSP3 Score of 17. With respect to the percentage of low and moderate income persons, the data for the primary target areas shows 65 percent of the area population income at less than 120% AMI and 32.39 percent of the area population income at less than 80% AMI. Available data reports that approximately 262 mortgages were acquired between 2004 and 2007. Additionally, reports state that during the same time frame, 22.62 percent of housing units had a high cost mortgage. This target area is challenged with 10.44 percent of its housing units standing at 90 or more days delinquency or in foreclosure proceedings. It has been reported that there were 18 foreclosure starts in the past year (2009) alone. These facts outline an alarming need for cessation and reversal of foreclosure and abandonment effects.

Additionally, postal service information provided by HUD was studied. The relation of the high number of vacant addresses to the total number of addresses has become a very good indicator for potentially serious blight. This information in regard to the designated target area indicates a high vacancy rate – approximately 108. In rural areas such as the City of Nappanee, the NoStat USPS rating is also a good indicator of home vacancy. The NSP3 target area has approximately 73 residential addresses labeled NoStat.

Evaluation of the data provided indicates this area consistently has a high percentage of income-qualified residents, is at a high risk for additional foreclosures, has a high vacancy rate, and high cost loan rates. It is therefore believed that this target area will benefit substantially from NSP3 dollars and have a visible impact on stabilization of not only the targeted neighborhood but the City of Nappanee as a whole. By providing assistance through the NSP3 neighborhood approach the impact from project dollars can be divided among more and contribute to overall state of livability of the community. It is anticipated that the NSP3 program will bring significant and substantive changes that will make the target area and community a place where people are willing to live and invest.

The County through its partnership with the City of Nappanee will allocate 90%, or \$1,073,875.00 toward the acquisition-rehabilitation-redevelopment-sale activities to achieve the impact goal of 4 properties as determined by HUD.

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.
Data sources used include the comprehensive plans of the Cities of Elkhart, Goshen, and Nappanee. The NSP target areas of the entitlement Cities of Elkhart and Goshen. Sources also include the US Department of Housing and Urban Development’s NSP3 mapping tool and corresponding data and various local agencies (Sheriff’s Dept, Auditor’s Office, Real Estate Representatives, & Community Service agencies)

Determination of Areas of Greatest Need and Applicable Tiers

Describe how the areas of greatest need were established and whether a tiered approach is being utilized to determine the distribution of funding.
The area of greatest need was determined using HUD’s definition of greatest need, the utilization of the HUD mapping tool and the desire to assist areas that are underserved by County funds. It was determined that concentrating funds in one area versus scattered sites throughout the County would provide the greatest impact. Therefore a tiered approach is not necessary for NSP3 fund distribution.

Definitions and Descriptions

The following section provides definitions and descriptions of significant program terms and requirements.

Definitions

Blighted Structure: For the purpose of the NSP3 program the following has been adopted as the definition of blighted structure. Any building or structure which has any or all of the conditions or defects hereinafter described shall be deemed to be a “blighted structure”, provided that such conditions or defects exist to the extent that life, health, property or safety of the public or its occupants are endangered.

- (1) Whenever any door, aisle, passageway, or other means of exit is not of sufficient width or size or is not so arranged as to provide safe and adequate means of exit in case of fire or panic.
- (2) Whenever a building or structure has been constructed, exists, or is maintained in violation of any specific requirement or prohibition applicable to such building or structure provided by the building regulations of this city or of any law or ordinance of this state or city relating to the condition, location or structure of buildings.
- (3) Whenever any building or structure which, whether or not erected in accordance with all applicable laws and ordinances, has in any non-supporting part, member, or portion less than 50%, or in any supporting part, member, or portion less than 66% of the strength, fire-resisting qualities or characteristics or weather-resisting qualities or characteristics required by law in the case of newly constructed building of like area, height, and occupancy in same location.
- (4) Whenever a building or structure, used or intended to be used for dwelling purposes, because of inadequate light, air, or sanitation facilities or otherwise, is determined by the enforcement authority to be unsanitary, unfit for human habitation, or in such a condition that is likely to cause sickness or disease.
- (5) Whenever any building or structure, because of obsolescence, dilapidated condition, deterioration, damage, inadequate exits, lack of sufficient fire-resistive construction, faulting electric wiring, gas connection or heating apparatus, or other cause, as determined by the enforcement authority to be a fire hazard.
- (6) Whenever any portion of a building or structure remains on a site after demolition or destruction of the building or structure or whenever any building or structure is abandoned for a period in excess of six months or so as to constitute such building or portion thereof an unattractive nuisance or hazard to public health.

Affordable Rents: NPS program affordable rents follow the maximum HOME rent limits, which are the lesser of:

1. The fair market rent for existing housing for comparable units in the area as established by HUD under 24 CFR 88.8.111; or

2. A rent that does not exceed 30% of the adjusted income of a family whose annual income equals 65% of the median income for the area, as determined by HUD, with adjustments for the number of bedrooms in the unit. The HOME rent limits provided by HUD will include average occupancy per unit and adjusted income assumptions.

Descriptions

Long-Term Affordability: For NSP3 purposes, continued affordability will be obtained through an affordability period assessed to each project. Affordability period for each project will be determined based upon the NSP3 subsidy.

These Long-term affordability period requirements apply to both rental and homebuyer activities:

NSP \$	Affordability Period
< \$15,000	5 yrs
\$15,000 - \$40,000	10 yrs
Over \$40,000	15 yrs
New construction (any amt)	20 yrs

The affordability of the units will be ensured through deed restriction, covenant, lien, with a recorded mortgage outlining programmatic conditions such as: term of affordability, income level for subsequent purchasers during the affordability period, use of home as primary residence of the homebuyer, and any recapture provisions. In the case of a rental, additional terms will apply – this includes providing proof of income qualified tenants at the time of occupancy and annually for the duration of the affordability period and rent amount must remain set not to exceed thirty percent of the individual/family adjusted income. This will allow NSP3-assisted units to remain affordable to individual and families whose incomes do not exceed 120 percent of area median income.

Recapture provisions will be assessed to any new construction and/or residential properties in which NPS3 funds were used to assist with the purchase of a property as the principal residence of the eligible homebuyer. This assistance will only be provided in a manner which permits recapture of a percentage of those funds, if at any time during the affordability period the assisted property is no longer the principal residence of the buyer. All other units will be assessed resale provisions.

Resale: Resale provisions will be used when no direct financial assistance was provided to the homebuyer at closing. Insurance of affordability includes a recorded agreement that protects the affordability provisions regarding resale of the housing unit. The owner will be required to sell the existing property to a subsequent qualified low income purchaser, and the owner will receive a fair return on their investment, including improvements. The property may be sold to

a subsequent low-income buyer that has no greater than 120% of AMI of Elkhart County. Affordability for a subsequent homebuyer is defined as the mortgage principal and interest, taxes and home insurance, which does not exceed 30% of the homebuyer's annual gross income. After an individual or family has owned the property for ten (10) years, it may be sold without affordability restrictions. The fair return to the buyer from the sale of the home is defined as the homebuyer's initial investment during the affordability period, plus any appreciation that might accrue.

Recapture: HOME program standards at 24 CFR 92.252(a), (c), (e), and (f), and 92.254 were used to establish the following recapture guidelines. The following calculations will be applied only in the event the net proceeds from the sale of the property are not sufficient to pay the balance of NSP3 funds due and payable. The NSP3 amount subject to recapture is based on the amount of NSP3 assistance that enabled the homeowner to purchase the unit. This includes any NSP3 assistance that reduced the purchase price from the fair market value to an affordable price, but excludes the amount between the cost of producing the unit and the market value (development subsidy).

The following method will be used for calculating the amount of NSP3 funds to be recaptured. This method allows the amount subject to recapture to be further reduced in proportion to the length of time the homebuyer has occupied the home relative to the term of the NSP3 assistance (affordability period). This method also allows that if net proceeds are not sufficient to recapture the full amount of the NSP3 investment plus recover the amount of the homeowner's investment in the property, the City of Nappanee will share the net proceeds with the homeowner. The net proceeds amount is determined by: sales price minus loan repayment of the mortgage(s) for the purchase of the house (other than NSP3 funds), owner investment, and closing costs. NSP3 funds to be recaptured will not exceed the adjusted NSP3 investment subject to recapture.

In the calculation for net proceeds, only the balance of mortgage(s) that actually purchased the house and/or improved the property will be considered. Consolidation of personal debt will not be included in this calculation. Owner investment shall include down payment, initial closing costs, payment to mortgage principal, and any documented capital improvements made by the owner since purchase. Capital improvements must be verified with receipts and shall not include personal labor of the family.

NSP3 Amount Subject to Recapture calculation sheet:

1. Reduction in Price from NSP3 Subsidy:

a. Market Value at Purchase		
b. Less Sale Price to Initial Homebuyer		
c. Amount of Resulting Price Reduction	(1a-1b)	

2. Direct Subsidy to Homebuyer:

a. Downpayment Assistance	
b. Closing Cost Assistance	
c. Loan(s)	

d. Total (2a+2b+2c)

3. NSP3 Amount Subject to Recapture (1c+2d)

4. Reduction for Homeowner Tenure

Pro-rate the amount subject to recapture by the length of occupancy

a. Number of months of occupancy

b. NSP3 Affordability Period (____ yr X 12 = ____ months)

c. Homeowner tenure (3a/3b)

d. Recapture Percentage (100%-3c)

5. NSP3 Investment Subject to Recapture (3 X 4d)

6. Homeowner Investment

a. Down payment

b. Initial closing costs

c. Payment to principal

d. Capital improvements (verified by receipts)

e. Total homeowner investment (6a+6b+6c+6d)

7. Net Sale Proceeds

a. Total sale price of property

b. Outstanding mortgage balance

c. Closing costs to seller

d. Total investment (5 + 6e)

Net Proceeds from Sale (7a-7b-7c-7d)

8. Distribution of Proceeds

NSP3 Funds to be Recaptured

$$\frac{\text{NSP3 Investment Subject to Recapture (5)}}{\text{Total Investment (7d)}} \times (7e) = \text{[]}$$

Amount to Homeowner

$$\frac{\text{Total Homeowner Investment (6e)}}{\text{Total Investment (7d)}} \times (7e) = \text{[]}$$

Housing Rehabilitation Standards: All housing activities using NSP funds that involve the construction or rehabilitation of multi-family and single-family dwellings must meet all building codes and standards adopted and enforced by the State of Indiana as well as any applicable laws, codes and other requirements relating to housing safety, quality, and habitability. Rehabilitation standards in reference to the NSP3 program, includes greening and energy conservation provisions.

NPS3 program rehabilitation standards include HUD specific requirements of Energy Star Qualified New Home Design standards for all gut rehabilitation and new construction as well as the American Society of Heating, Refrigerating, and Air Conditioning Engineers (ASHRAE) standard 90.1-2004 appendix G.

Provisions such as re-use of cleared sites, sustainable sites, protection of environmental resources and sustainable landscaping will be considered during the acquisition phase as well as during demolition, rehabilitation, and redevelopment. Items such as energy efficient landscaping, the use of energy efficient, durable and/or heat absorbing materials, the availability of local source materials as well as healthy homes activities will be strong components during the rehabilitation/redevelopment phase.

A description of housing rehabilitation standards that provide for improvements to increase energy efficiency or conservation or to provide for renewable energy source(s) (including applicable Energy Star requirements) will be a requirement within each NSP3 assisted units' scope of work and RFP.

Whenever appropriate the NSP3 funds will be allocated for de-construction of blighted structures. The City of Nappanee will work with Habitat and other agencies when possible to decrease demolition cost and salvage materials. Any demolition services will state a preference for deconstruction and salvage as a component of the proposal.

It is the intent that the incorporation of modern, green building and energy-efficiency improvements in all NSP3 activities will provide for long-term affordability and increased sustainability as well as the attractiveness of housing and neighborhoods. Increased energy efficiency then serves to increase the long-term affordability of the NSP3 assisted units.

Low-Income Targeting

Low-Income Set-Aside Amount

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.

Total low-income set-aside percentage (must be no less than 25 percent): 28.6%
Total funds set aside for low-income individuals = \$341,000.00

Meeting Low-Income Target

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

Elkhart County in its partnership with the City of Nappanee intends to invest not less than 28.58% of NSP3 funds or \$341,000.00 toward increasing housing opportunities for individuals and/or families whose incomes do not exceed 50% of area median income.

The program is designed to employ acquisition-rehabilitation-redevelopment activities that will transform foreclosed and/or abandoned residential properties into housing for individuals and/or families whose incomes do not exceed 50% of area median income. To accomplish this, Nappanee intends to partner with Habitat for Humanity of Elkhart County and other local housing related agencies to acquire blighted properties and reuse the vacant property for new construction for homeownership opportunities. Additionally, Nappanee anticipates designating at least one acquired/rehabilitated unit available for rent by individuals/families whose incomes do not exceed 50% of 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., \leq 80% of area median income)?	No
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If yes, fill in the table below.

Question	Number of Units
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% 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).	
The number of dwelling units reasonably expected to be made available for households whose income does not exceed 50 percent of area median income.	

Public Comment

Citizen Participation Plan

Briefly describe how the grantee followed its citizen participation plan regarding this proposed substantial amendment or abbreviated plan.
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Persons who would like to comment on this action plan may send those comments to Neighborhood Stabilization Program c/o Kristine Krueger 117 N Second Street, Goshen, IN 46526 or email kkrueger@elkhartcounty.com. Please insert NSP3 in the subject line. All comments must be received by 4:00 pm, Monday February 28th to be included in request for funds.

The County and the City of Nappanee solicited public input informally from a series of stakeholders as the abbreviated action plan was being developed. Formal feedback was solicited from the general public and income-eligible households through print media and electronic networks. In an effort to solicit public comment and gather public support and input, the City and County undertook the following steps:

The Action Plan was published on the County website

Notification of the availability of the Action plan with a link to the County website was posted on the City's Facebook page

The Action Plan was forwarded to Elected Officials of Elkhart County and the City of Nappanee

Information regarding the NSP3 program was presented to the City of Nappanee's Board of Public Works, February 14, 2011

A press release was published in the Elkhart Truth on February 16, 2011

A public notice was published in the Warsaw Times newspaper the week of February 24, 2011 with public comment period ending March 18th.

A copy of the Action Plan was placed at the Nappanee and Goshen libraries

Copies of the Action Plan were available to the public at the Elkhart County Administration Building and at City Hall in Nappanee.

Copies of the Action Place were available to the public at the Family Christian Center – a Nappanee agency that assists individuals and families who face economic and/or financial challenges.

Summary of Public Comments Received. At the time of submission of the action plan to the US Department of Housing and Urban Development no comments were received. Attached is a copy of the public notice.

As of March 8, 2011, no public comments were received. Elkhart County and the City of Nappanee have had calls requesting anticipated availability of funding and job opportunities.

Amendments and modifications:

Because Elkhart County and Nappanee are not currently operating under CDBG required Citizen Participation Plans (as required for entitlement communities) this plan shall be followed for any substantial amendments or minor modifications to this NSP Action Plan. Specifically:

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Minor Modifications; require distribution to citizens via:

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Publication to the County website and the Nappanee website
Direct distribution to County and City elected officials
Presentation at Nappanee Board of works meeting
Paper copies of proposed modifications will be made available for inspection at the Elkhart County Administration Building and at City Hall in Nappanee.

Arrangements for persons with limited english proficiency, hearing or visual impairments will be accommodated upon request

Any changes to budgets resulting in greater than 30% but less than 50% (based on total grant amount) reallocation of funds from or to any existing use of NSP funds shall be deemed to be a minor modification. Budget modifications among categories of less than 30% will not require additional citizen input. The utilization of program income for any new activity (additional uses) prior to NSP grant closeout will be deemed to be a minor modification

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The utilization of program income for additional units or increased budgets within existing activities/uses shall not be considered a modification. Changes among beneficiary income levels within existing uses of funds (targeted beneficiaries) shall not require a modification.

Any comments received within 15 days from publication to the County or City Websites shall be considered before the minor modification is implemented.

Substantial Amendments:

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Any new activity or use of any amount of initial NSP grant funds (except program income funds) for uses not contemplated in the Action plan shall be considered a Substantial amendment.

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Any changes to budgets resulting in greater than 50% (of the total grant amount) reallocation of funds from, or to, any existing use of NSP funds shall be deemed to be a Substantial Amendment.

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Substantial amendments shall require the same distribution and comment period as a minor modification except that publication will also include a public hearing notice published in a newspaper of general circulation and a public hearing by the county commissioners.
Arrangements for persons with limited english proficiency, hearing or visual impairments will be accommodated upon request

Any comments received within 15 days from publication for the public hearing shall be considered before the Substantial amendment is approved and implemented.

NSP Information by Activity

Elkhart County through partnership with the City of Nappanee propose distributing NSP3 funds toward comprehensive community revitalization and neighborhood redevelopment through two primary overarching activities: Acquisition and Rehabilitation and Redevelopment.

Activity Number 1	
Activity Name	Acquisition and Rehabilitation for low- moderate- and middle- income persons and/or families
Uses	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
CDBG Activity or Activities	24CFR 507.201(a) Acquisition, (b) Disposition, and (n) Direct homeownership assistance as modified (24CFR 570.202). Eligible rehabilitation and preservation activities for homes and other residential properties, which may include required homebuyer counseling.
National Objective	Meets the national objective benefiting low- moderate- and middle- income persons as defined in the NSP notice.
Activity Description	<p>This activity will concentrate neighborhood stabilization activities toward acquiring and rehabilitating existing vacant properties so that they can be successfully reoccupied by low-moderate-middle income households. By purchasing vacant foreclosed and/or abandoned residential properties, rehabilitating these units and selling them to low- middle- and moderate income (at or below 120% AMI) households, the 'greatest need' neighborhood will experience improved status.</p> <p>All properties to be acquired and rehabbed will be vacant and unoccupied for at least 90 days prior to purchase. It is anticipated that the goals of improving housing values and stabilization of the neighborhood will be accomplished through the transformation of vacant eyesores into occupied assets.</p> <p>Properties will be purchased and retained during rehabilitation by the City of Nappanee. The properties will be maintained by Nappanee in a manner that is consistent with local standards during the rehabilitation process. Post-rehab properties will be sold to income qualified homebuyers to be used as their primary residence. The sale shall be in an amount equal to or less than the cost to acquire and redevelop/rehabilitate.</p> <p>Initial acquisition of units will be at a minimum discount of 1% from the current market-appraised value of the home/property that such discount shall</p>

	ensure that purchasers are paying below-market value. The City of Nappanee will work with local partners and social service agencies to find homebuyers who are income qualified and in need of affordable housing.	
	*Down Payment Assistance (\$60,000) and Homeownership Education (\$2,500) costs are included in the activity budget.	
Location Description	Designated area of greatest need known as 'Nappanee4'	
Budget	Source of Funding	Dollar Amount
	NSP3	\$ 732 232,875
	(Other funding source)	\$
	(Other funding source)	\$
Total Budget for Activity	\$732232,875.00	
Performance Measures	<p>It is anticipated that no less than 2 foreclosed residential properties will be acquired and undergo rehabilitation work and then sold to 2 income qualified low- moderate- middle income individuals and/or families as their primary residence and who have completed the homeownership education requirement.</p> <p>The City of Nappanee will administer property acquisition, rehabilitation assignments, performance monitoring, and buyer qualification/selection to ensure that NSP3 program progress is satisfactory.</p>	
Projected Start Date	April 1, 2011	
Projected End Date	March 31, 2014	
Responsible Organization	Name	City of Nappanee
	Location	300 W Lincoln St, Nappanee, IN 46550
	Administrator Contact Info	Don Lehman, Planning & Code Enforcement napzoning@yahoo.com Phone: 574-773-2112 Fax: 574-773-5878

Discount Rate: The City of Nappanee will be very strategic in acquiring properties and will require property owners to sell properties at fair prices and in accordance with the NSP guidelines of at least a 1% discount rate over the current appraised value. Acceptance of any donated property will be evaluated as with the purchased properties to ensure the usefulness and marketability of the property so that it can be ultimately redeveloped.

Property Selection: Individual properties to be assisted through NSP3 will be determined by the Director of the Nappanee Zoning and Code Enforcement office. The Director will gather relevant data and input from various individuals and/or agencies, such as but not limited to representatives of real estate and/or financial institutions, Habitat for Humanity of Elkhart County, LaCasa Inc., Elkhart County Builders Association, Neighborhood Coordinators, and the Family Christian Center.

Criteria for property selection will include but not be limited to: 1) NSP eligibility (vacant, abandoned, or foreclosed); 2) timeliness in acquiring the property, 3) nuisance to the neighborhood, 4) marketability of the home to be renovated or the lot for new construction, 5)

adjacent to or near the City of Nappanee projects such as infrastructure, and 6) adjacent to or near existing assets and marketable properties.

Activity Number 2	
Activity Name	Acquisition and Rehabilitation 25% for less than 50% AMI income persons and/or families
Use	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
CDBG Activity or Activities	25% NSP3 set-aside for very low income households (50% AMI or less)
National Objective	Meets the national objective benefiting very low income persons (at or below 50% AMI)
Activity Description	<p>This activity will improve 'greatest need' neighborhood by purchasing vacant foreclosed and/or abandoned residential properties, rehabilitating these units and renting them to very-low income households (at or below 50% AMI).</p> <p>All properties to be acquired and rehabbed will be vacant and unoccupied for at least 90 days prior to purchase. It is anticipated that the goals of improving housing values and stabilization of the neighborhood will be accomplished through the transformation of vacant eyesores into occupied assets.</p> <p>Properties will be purchased and retained by the City of Nappanee. They will be maintained in a manner that is consistent with local standards during the rehabilitation process. The expressed purpose of these particular post-rehab properties will be their use as rentals.</p> <p>Potential buyers will be limited to property managers who agree to rent the unit(s) to income qualified tenants and abide by the maximum HOME rent limits described earlier. Property buyers will be expected to provide proof of income qualified tenants at the time of occupancy and annually for the term of the affordability period. In addition owners will be required to maintain rent at a set amount not to exceed thirty percent of the individual/family adjusted income throughout the affordability period.</p> <p>Initial acquisition of units by the City of Nappanee will be at a minimum 1% discount from the current market-appraised value of the home/property that such discount shall ensure that purchasers are paying below-market value. The City will work with local partners and social service agencies to find homebuyers who are income qualified and in need of affordable housing.</p> <p>*Down Payment Assistance (\$20,000.00) and Homeownership Education (\$500.00) costs are included in the activity budget.</p>

Location Description	The designated area of greatest need known as "Nappanee4"	
Budget	Source of Funding	Dollar Amount
	NSP3	\$ 150,500 341,000.00
	(Other funding source)	\$
	(Other funding source)	\$
Total Budget for Activity	\$150,500341,000.00	
Performance Measures	<p>It is anticipated that at least 1 foreclosed residential property will be acquired and undergo rehabilitation work and then rented to a very-low income (at or less than 50% AMI) individual or family as their primary residence who have completed the homeownership education requirement.</p> <p>The City of Nappanee will administer property acquisition, rehabilitation assignments, performance monitoring, and buyer qualification/selection to ensure that NSP3 program progress is satisfactory.</p>	
Projected Start Date	April 1, 2011	
Projected End Date	March 31, 2014	
Responsible Organization	Name	City of Nappanee
	Location	300 W Lincoln St, Nappanee, IN 46550
	Administrator Contact Info	Don Lehman, Planning & Code Enforcement napzoning@yahoo.com Phone: 574-773-2112 Fax: 574-773-5878

Rental Preference: Elkhart County in collaboration with the City of Nappanee has established the following to create preferences for the development of affordable rental housing for properties assisted with NSP3 funds. During property selection site location will be evaluated as well as the unit's potential to function as a rental property. Purchasing priority will be toward units whose structures are functional as a rental and are located near community assets such as schools, work opportunities, resources, etc. The selection of all properties will be made under the assumption of providing rental units. The first unit to receive NSP3 assistance will be for rental purposes.

Homeownership Education and Counseling: Homebuyer education is a critical part of not only helping buyers acquire a home but also ensuring they can afford to maintain the home. A home is the most common source of wealth for very-low-low-moderate- and middle income households. Persons purchasing units developed through the renovation of vacant homes will be required to receive and complete 8 hours of pre-purchase homeownership counseling from HUD approved housing counseling agency before obtaining a mortgage loan.

The City of Nappanee is fortunate to have two local not-for-profit housing agencies, Family Christian Center and LaCasa, Inc. that provide quality homebuyer programs. We anticipate working closely with these agencies and other local organizations to provide the best quality training and information available to potential homebuyers.

Down payment assistance: A major difficulty for very-low, low-, moderate-, and middle income households in purchasing a home is the inability to provide a down payment. The program has

set-aside funds to assist qualified homebuyers with this challenge. Financial assistance will be available to assist in the purchase of program-assisted foreclosed homes as their principal residence within the identified area of greatest need. Available funding is capped at \$20,000.00 (not to exceed 20% of purchase price) per buyer.

Funds may be used in conjunction with mortgages or prime fixed rate product. No adjustable rate or subprime mortgage products will be allowed for the purchase of these homes. Funds will not be required to be repaid if the property remains the homebuyer’s principal residence for at least ten years. Homebuyers wishing to receive financial assistance must use the home as their primary residence and complete 8 hours of pre-purchase homeownership counseling. Nappanee will work with area partners such as Habitat for Humanity of Elkhart County, LaCasa Inc., and Family Christian Center to provide marketing and outreach to potential eligible homebuyers.

Activity Number 3	
Activity Name	Redevelopment of demolished and/or vacant properties for housing opportunities for for low- moderate- and middle- income persons and/or families <u>very low income persons and/or families (25% set aside)</u>
Use	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
CDBG Activity or Activities	24 CFR 570.201(a) acquisition, (b) disposition, (e) public services for housing counseling, but only to the extent that counseling beneficiaries are limited to prospective purchasers or tenants of the redeveloped properties, (i) relocation, and (n) direct homeownership assistance – as modified (24CFR 570.202) Eligible rehabilitation and preservation activities for demolished or vacant properties; may include required homebuyer counseling. New construction of housing is eligible as part of redevelopment of demolished or vacant properties.
National Objective	Meets the national objective benefiting low- moderate- and middle- income persons as defined in the NSP notice. Meets national objective benefiting very low income (at or below 50% AMI) individuals and/or families.
Activity Description	The purpose of this activity is to redevelop vacant blighted structures/properties not suited for rehabilitation into housing for very-low income individuals and/or families. Nappanee will identify and acquire structures that are blighted within the NSP3 target area with the express purpose of demolition to allow redevelopment and reuse of the property for housing purposes through new construction. All property will be vacant and unoccupied for at least 90 days prior to demolition. The City of Nappanee will use the definition of blighted structure previously outlined in property selection. This will help determine the properties that are causing the most severe blighting influences and allow for the orderly clearance of such properties.

	<p>Vacant properties, whether those created through demolition of substandard structures through the NSP3 program or that currently exist in our community, create an amazing opportunity for redevelopment. The vacant lots created through demolition will be used earmarked for new construction of housing of <u>low- moderate- and middle- income persons and/or families</u>individuals and/or families at or below 50% AMI.</p> <p>A redevelopment agreement with the City of Nappanee will be recorded to ensure the property is ultimately used for NSP3 eligible activities.</p> <p>*Down Payment Assistance (\$20,000.00) and Homeownership Education (\$500.00) costs are included in the activity budget.</p>	
Location Description	Designated area of greatest need known as "Nappanee4"	
Budget	Source of Funding	Dollar Amount
	NSP3	\$190,500 500,000.00
	(Other funding source)	\$
	(Other funding source)	\$
Total Budget for Activity	\$190,500 500,000.00	
Performance Measures	<p>The number of blighted buildings/structures anticipated to be demolished and redeveloped as a direct result of NSP3 assisted activities will be no less than 1. The number of units expected to be made available for households whose income does not exceed 50 percent area median income will be 1.</p> <p>The City of Nappanee will administer property acquisition, rehabilitation assignments, performance monitoring, and buyer qualification/selection to ensure that NSP3 program progress is satisfactory.</p>	
	Projected Start Date	April 1, 2011
Projected End Date	March 31, 2014	
Responsible Organization	Name	City of Nappanee
	Location	300 W Lincoln St, Nappanee, IN 46550
	Administrator Contact Info	Don Lehman, Planning & Code Enforcement napzoning@yahoo.com Phone: 574-773-2112 Fax: 574-773-5878

Section 3 & Vicinity Employment and Business Opportunities: It is the policy of both the County and City of Nappanee to require its contractors to provide equal employment opportunity to all employees and applicants for employment without regard to race, color, religion, sex, national origin, disability, veteran's or marital status, or economic status and to take affirmative action to ensure that both job applicants and existing employees are given fair and equal treatment.

It is the intention of the program, to the maximum extent feasible, to provide for the hiring of employees (primarily low- and very-low income individuals) that reside in the NSP3 project area and/or to contract with businesses that are owned and operated by persons residing in the project vicinity. The City of Nappanee anticipates accomplishing this by including this preference as a component in all communications, publications and/or work scopes developed as a result of this program. It will be noted that Nappanee will actively seek to award contracts

to contractors, vendors, and suppliers who would not only provide quality materials/workmanship but are owned and operated by persons residing in the project vicinity, employs residents within the NSP3 project area and will (when feasible) seek to employ qualified low- very-low income persons residing within the project vicinity.

It is anticipated that this policy shall result in a reasonable level of success in the recruitment, employment, and utilization of City of Nappanee residents and other eligible persons and businesses by contractors working on contracts partially or wholly funded with NSP3 monies.

Activity Number 4		
Activity Name	Administration	
Use	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 type="checkbox"/> Eligible Use E: Redevelopment		
CDBG Activity or Activities	All beneficiaries of the program will be assisted through this activity.	
National Objective	This activity will meet the national objective of benefiting very-low, low-, moderate-, and middle income individuals and/or families	
Activity Description	These funds will provide services necessary to carry out the NPS3 program within federal guidelines. Funds will be used to administer the NSP3 program and to pay for general expenses that cannot be charged to individual properties such as general legal services, appraisals for properties not acquired, marketing of properties for sale, title searches, and necessary planning services or architectural resources.	
Location Description	Administrative activities will benefit the designated area of greatest need known as "Nappanee4"	
Budget	Source of Funding	Dollar Amount
	NSP3	\$119,319.00
	(Other funding source)	\$
	(Other funding source)	\$
Total Budget for Activity	\$119,319.00	
Performance Measures	Program was administered in compliance with NSP3 and HUD requirements	
Projected Start Date	April 1, 2011	
Projected End Date	March 31, 2014	
Responsible Organization		City of Nappanee and Elkhart County
	Name	City of Nappanee
	Location	300 W Lincoln St, Nappanee, IN 46550
	Administrator Contact Info	Don Lehman, Planning & Code Enforcement nappzoning@yahoo.com Phone: 574-773-2112 Fax: 574-773-5878
	Name	County of Elkhart
	Location	117 N Second St Goshen, IN 46526

	Administrator Contact Info	Kristine Krueger, Grants Administrator kkrueger@elkhartcounty.com Phone: (574) 535-6746 Fax: (574) 535-6747
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PROJECT BUDGET

Activity	Amount	% of total
Administration	\$119,319.00	10%
Acquisition/Rehab (25% set-aside)	\$150,500 341,000.00	1228.6%
Redevelopment (LMMI)(25% set-aside)	\$190,500500,000.00	1641.9%
Acquisition/Rehab (LMMI)	732 232,875.00	61.4 19.5%
TOTAL PROJECT	\$1,193,194.00	100%

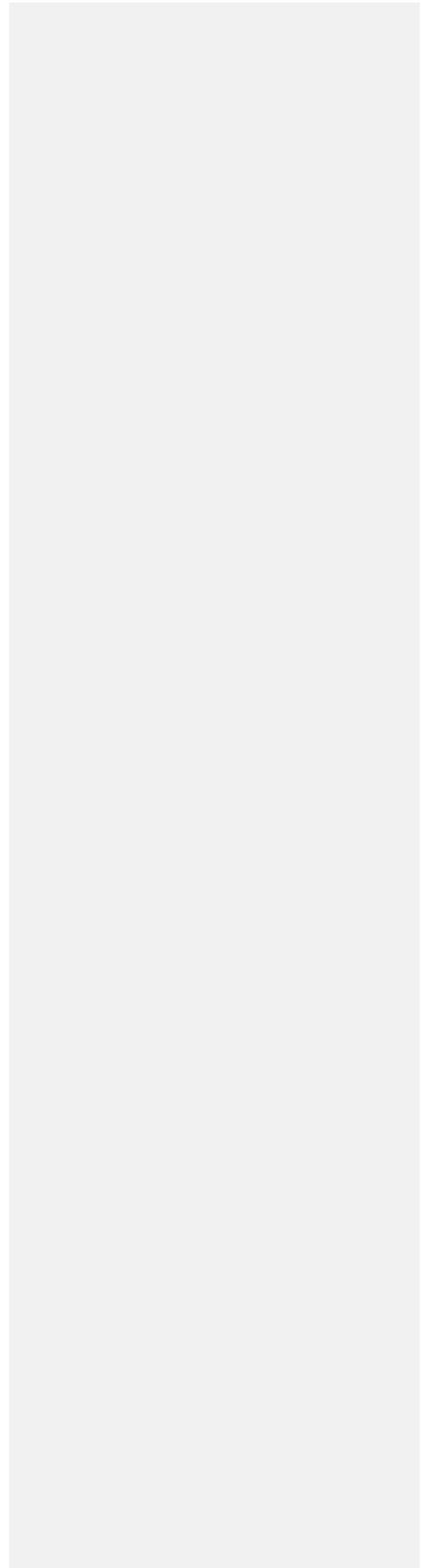
Leveraging Funds:

The City of Nappanee and its residents are very excited about the opportunity to improve their neighborhoods. It is anticipated that the community will quickly respond positively to a call for assistance from City Hall. It is anticipated that donations of monetary, labor, and materials will be received.

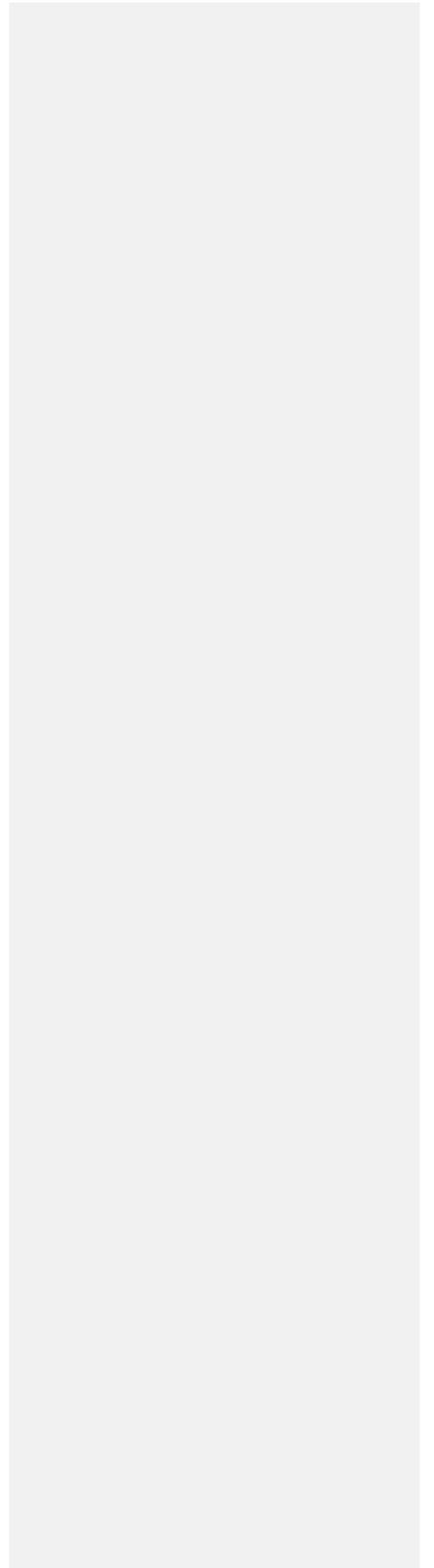
These efforts will be in addition to the City's already established infrastructure improvements. These improvements include neighborhood sidewalk repair, street lighting, etc.

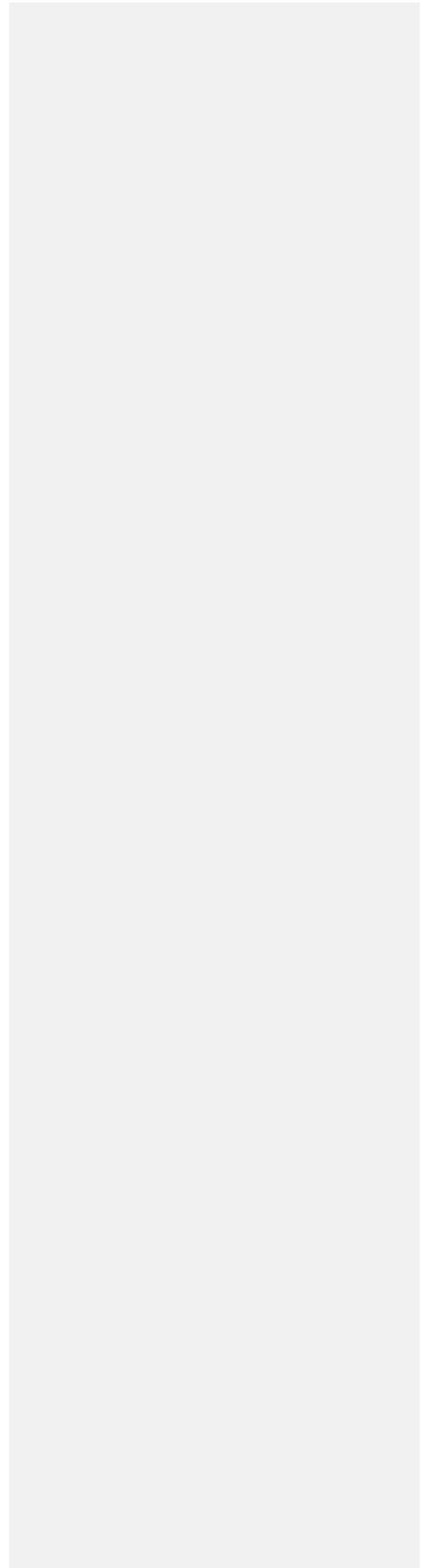
Funds and donations initially received will be dedicated toward the completion of the NPS3 program goals. All other resources will be used to sustain the program beyond the award period.

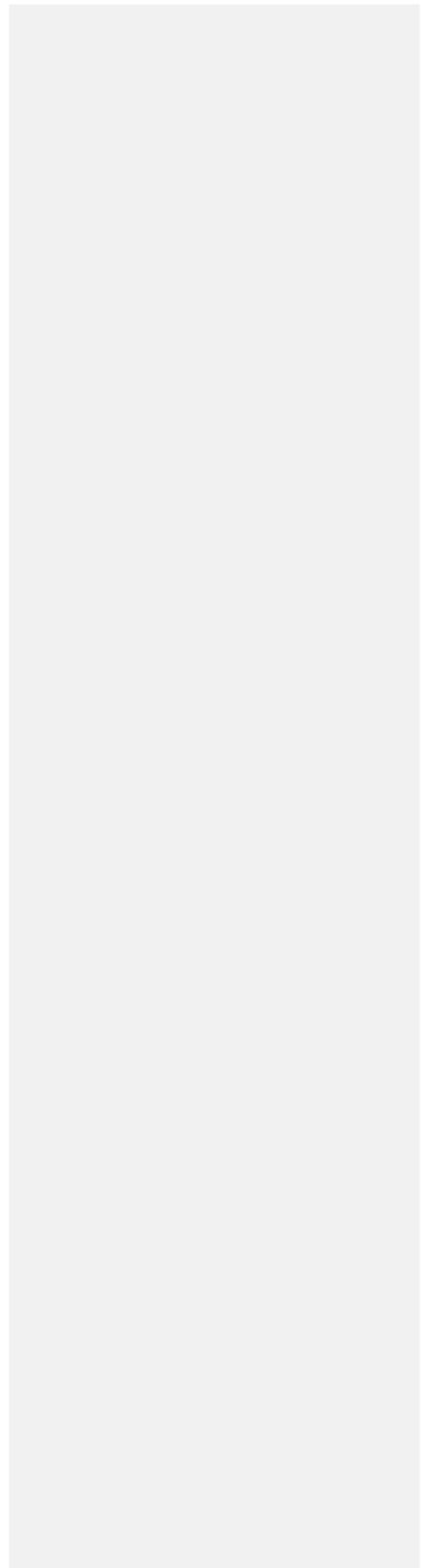
Certifications page 1

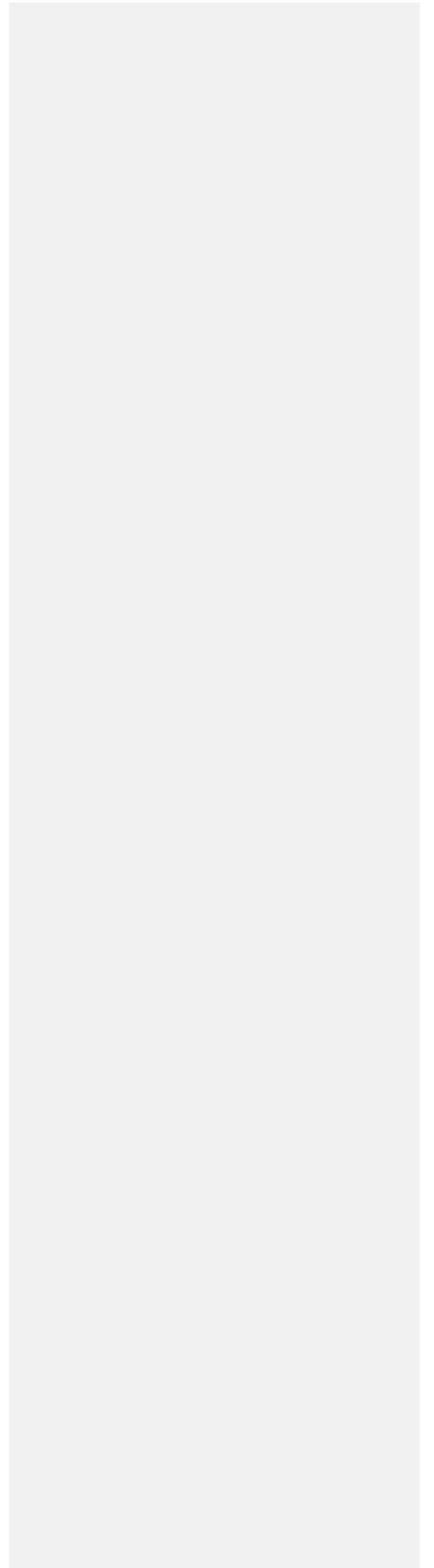


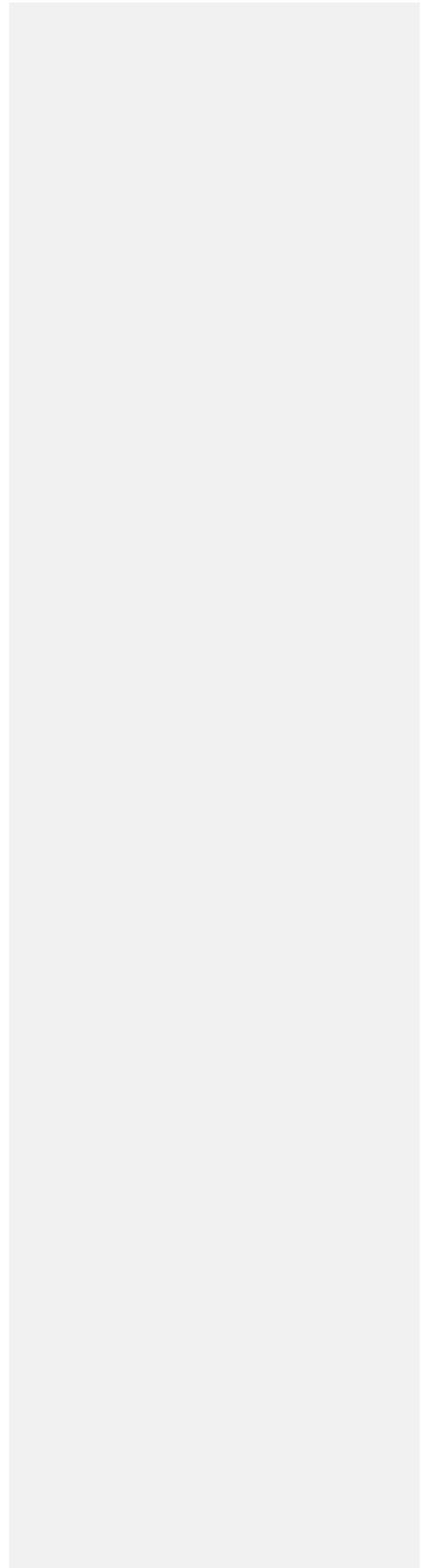
Certifications page 2

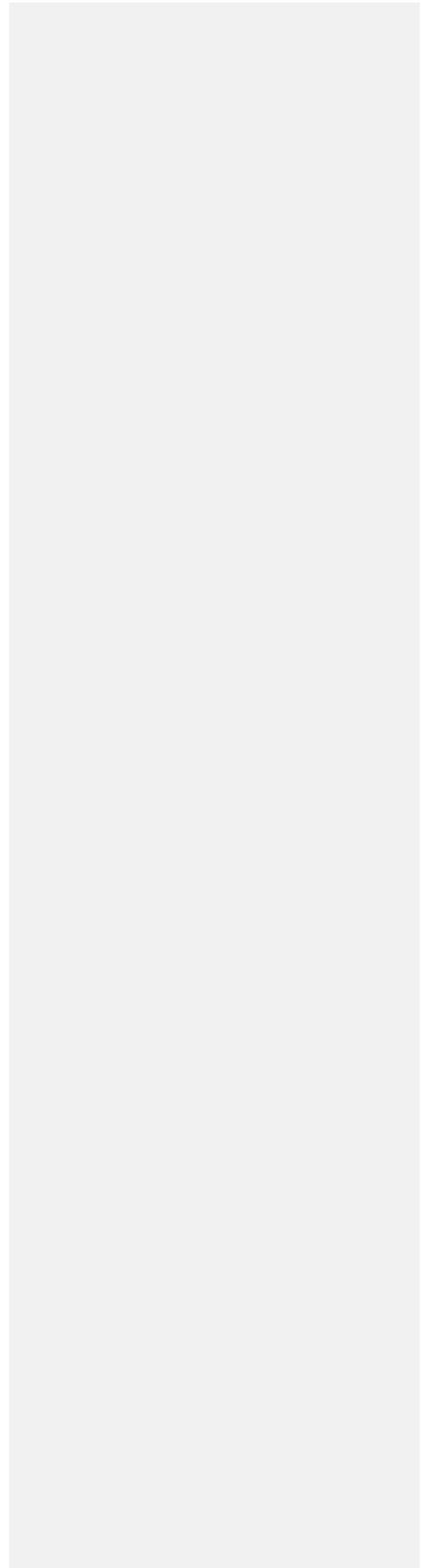


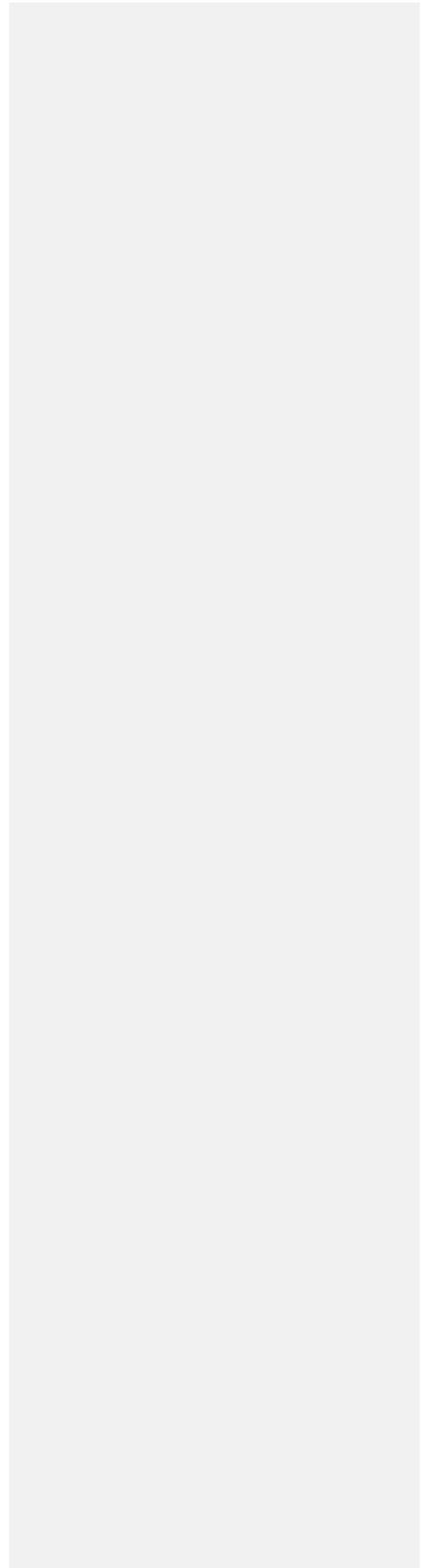


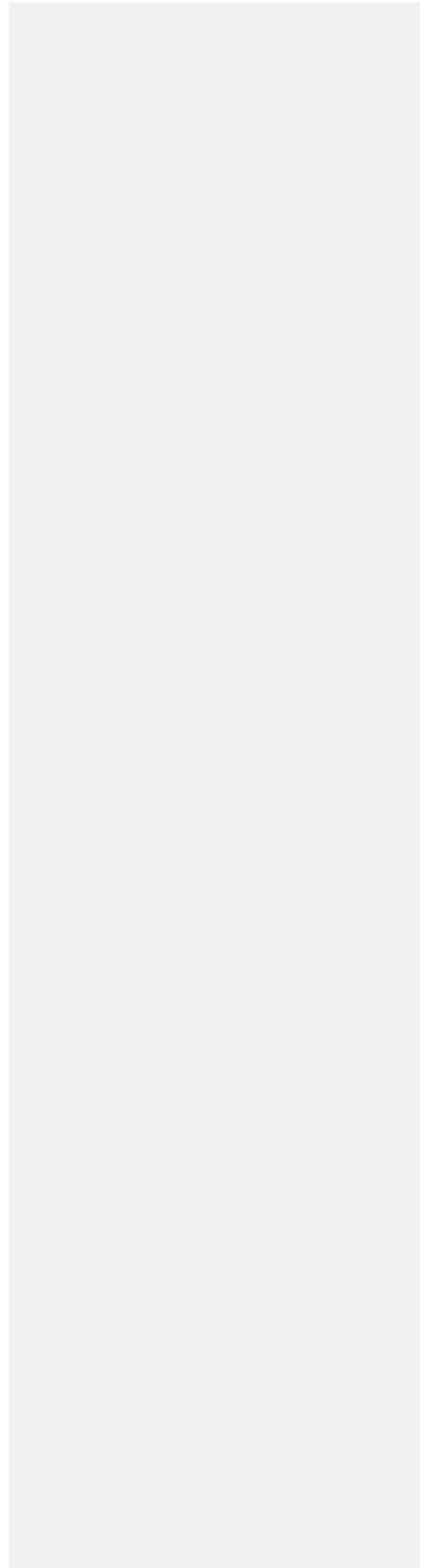




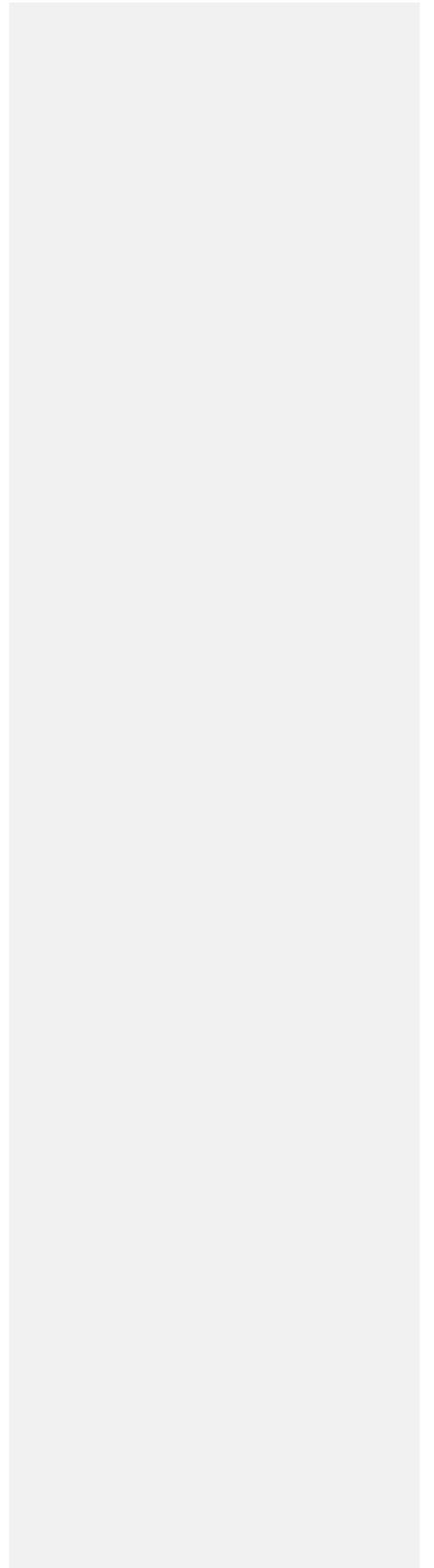




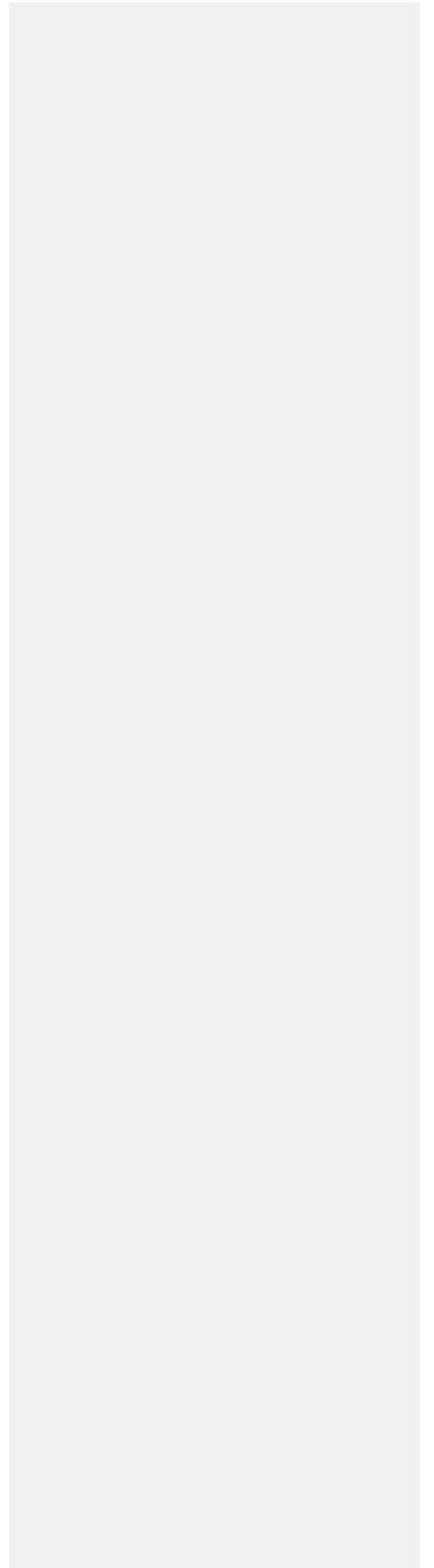




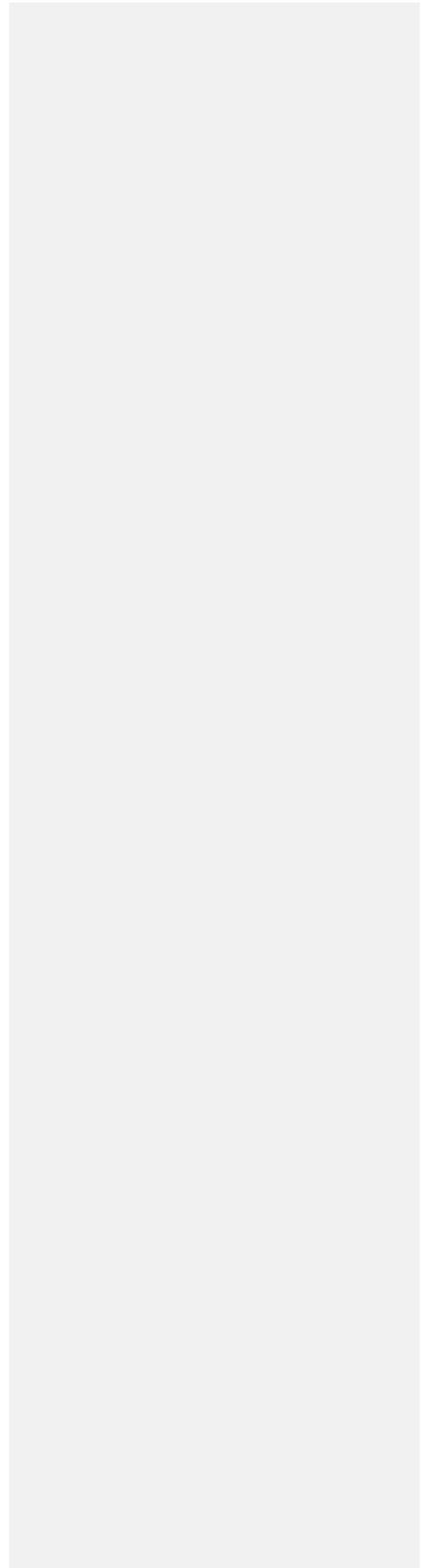
Planning Data Map



Public Notice



Proof of Publication



<ul style="list-style-type: none"> • Affordable rents, • Ensuring long term affordability for all NSP funded housing projects, • Applicable housing rehabilitation standards for NSP funded projects 	<input checked="" type="checkbox"/>
	<input checked="" type="checkbox"/>
	<input checked="" type="checkbox"/>

4. Low-Income Targeting

	Yes
Did you identify the estimated amount of funds appropriated to provide housing that meets the low-income set aside target?	<input checked="" type="checkbox"/>
Did you provide a summary describing how your jurisdiction will meet its low-income set aside goals?	<input checked="" type="checkbox"/>

5. Acquisition & Relocation

	Yes
For all acquisitions that will result in displacement did you specify:	
<ul style="list-style-type: none"> • The planned activity, 	<input type="checkbox"/>
<ul style="list-style-type: none"> • The number of units that will result in displacement, 	<input type="checkbox"/>
<ul style="list-style-type: none"> • The manner in which the grantee will comply with URA for those residents? 	<input type="checkbox"/>

6. Public Comment

	Yes
Did you provide your draft of the NSP3 substantial amendment for a minimum of 15 days for public comment?	<input checked="" type="checkbox"/>
Did you include the public comments you received on the NSP3 substantial amendment in your plan?	<input checked="" type="checkbox"/>

7. NSP Information by Activity

	Check all that apply
Did you include a description of all eligible NSP3 activities you plan to implement with your NSP3 award?	<input checked="" type="checkbox"/>
For each eligible NSP3 activity you plan to implement did you include:	
<ul style="list-style-type: none"> • Eligible use or uses? 	<input checked="" type="checkbox"/>

• Correlated eligible CDBG activity or activities?	<input checked="" type="checkbox"/>
• Associated national objective?	<input checked="" type="checkbox"/>
• How the activity will address local market conditions?	<input checked="" type="checkbox"/>
• Range of interest rates (if any)?	<input type="checkbox"/>
• Duration or term of assistance?	<input checked="" type="checkbox"/>
• Tenure of beneficiaries (e.g. rental or homeowner)?	<input checked="" type="checkbox"/>
• If the activity produces housing, how the design of the activity will ensure continued affordability?	<input checked="" type="checkbox"/>
• How you will, to the maximum extent possible, provide for vicinity hiring?	<input checked="" type="checkbox"/>
• Procedures used to create affordable rental housing preferences?	<input checked="" type="checkbox"/>
• Areas of greatest need addressed by the activity or activities?	<input checked="" type="checkbox"/>
• Amount of funds budgeted for the activity?	<input checked="" type="checkbox"/>
• Appropriate performance measures for the activity (e.g. units of housing to be acquired, rehabilitated, or demolished for the income levels represented in DRGR)?	<input checked="" type="checkbox"/>
• Expected start and end dates of the activity?	<input checked="" type="checkbox"/>
• Name and location of the entity that will carry out the activity?	<input checked="" type="checkbox"/>

8. Certifications

	Yes
Did you sign and submit the certification form applicable to your jurisdiction?	<input checked="" type="checkbox"/>

9. Additional Documentation

	Yes
Did you include a signed SF-424?	<input checked="" type="checkbox"/>