

**Grantee: Lake County, OH**

**Grant: B-08-UN-39-0005**

**January 1, 2010 thru March 31, 2010 Performance Report**

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**Grant Number:**

B-08-UN-39-0005

**Obligation Date:****Award Date:****Grantee Name:**

Lake County, OH

**Contract End Date:**

03/23/2013

**Review by HUD:**

Reviewed and Approved

**Grant Amount:**

\$3,402,859.00

**Grant Status:**

Active

**QPR Contact:**

Tracy Udrija

**Estimated PI/RL Funds:**

\$243,336.91

**Total Budget:**

\$3,646,195.91

## Disasters:

### Declaration Number

No Disasters Found

## Narratives

### Areas of Greatest Need:

To meet the statutory targeting requirement for NSP activities, the County will utilize data provided by HUD and use the Foreclosure Risk Score prepared by HUD.

To find the area benefit eligible communities, we added up the number of  $\geq 120\%$  persons and total persons in each community by census tracts and block groups. Any community with over 51% of  $\leq 120\%$  persons is completely eligible. Individual census tracts and block groups are also eligible within communities that do not reach the 51% threshold for the whole community.

This analysis produced 3 lists of local communities: Whole Area (Community) Eligible, Some Eligible Areas, and Community Not Eligible. We will use these lists to determine where demolitions can be done with NSP funds. The County Has determined that the Cities of Painesville, Eastlake and the Village of Madison are the areas showing the greatest need.

### Distribution and and Uses of Funds:

Utilizing the data provided by HUD, it has been determined that the areas of greatest need, including those areas with the highest percentage of foreclosures and housing units financed by a subprime related loans have been identified by the County as the City of Painesville, City of Eastlake and Madison Township.

Activities will focus on acquisition/construction/rent (option to sell) of new single family dwelling units through a partnership with Western Reserve Community Development Corporation (WRCDC). A secondary, yet just an important project, is the construction of a 17 unit permanent supportive apartment housing community in Painesville. Through our partnership with Extended Housing, Inc, this project will meet the 25% set aside provision.

The County will also consider selling a vacant lot (acquisition, demo due to blight) to adjacent income eligible landowners. Similar to homes that are sold, an NSP lien would be filed on the property detailing the affordability period and requirements.

These projects will be accomplished via Developer Agreements with WRCDC and Extended Housing Inc.

### Definitions and Descriptions:

#### Blight:

Per the State of Ohio's Board of Building Standard's, a blighted structure is "A blighted structure" is a structure in which its conditions make it imminently dangerous to health, safety or general welfare of its occupants or the public. Conditions include those that do not comply with state, county or municipal health, welfare or safety including conditions that are structurally unsafe, unsanitary or not providing adequate safe exists, or that constitutes a fire hazard, existing use constitutes a hazard to public health, welfare or safety by reason of inadequate maintenance, dilapidation or obsolescence and does not comply with housing, building, HQS or city housing maintenance codes. If the blighted structure cannot be repaired or rehabilitated at a cost equal to or less than 50% of its assessed value as shown by the most recent appraisal the property may be considered for demolition.

#### Affordable Rents:

The approved 2005-2009 Lake County Consolidated Plan defines "affordable rents" as those at or below the applicable Fair Market Rent (FMR) for the Cleveland Area Metropolitan Area as defined by HUD. This definition of affordable rents will also be used for the Lake County NSP.

Lake County will ensure continued affordability by requiring the use of an enforcement document against each piece of real property. All units receiving assistance greater than \$10,001 will hold a Declaration of Covenants against the property with a long term affordability component meeting or exceeding HOME Investment Partnership standards. Affordability standards will be as follows: NSP assistance for homebuyer programs, acquisition/rehabilitation/resell: \$10,001 - \$40,000 will require continued affordability for 15 years. NSP funding of more than \$40,001 will require continued affordability for 20 years. Acquisition or new construction of rental units will mandate an affordability period of



not less than 20 years at any funding level.

All units will be monitored for continued affordability during their required period of affordability. Repayment Agreements will be subject to the Lake County Subordination Policy in the event a homeowner chooses to sell, refinance or transfer the title of the real property. In the event a homeowner does not fulfill the 10 year period of affordability, repayment to the NSP program will be required and funds will be used for another NSP eligible project. All units subject to a Declaration of Covenants will be maintained as affordable housing units until said Declaration is satisfied. All rental housing created will be subject to ongoing monitoring of its physical condition and required to meet Housing Quality Standards (HQS) for its predetermined period of affordability. Monitoring schedules will follow the HOME standard requiring NSP properties of 1-4 units be monitored every 3 years, properties with 5-25 NSP units will be monitored every 2 years and properties with 26 or more NSP units will be monitored annually. If NSP funds assist a property that was previously assisted with HOME funds, but on which the affordability restrictions were terminated through foreclosure or transfer in lieu of foreclosure, Lake County will revive the HOME affordability restrictions for the greater of the remaining period of HOME affordability or the continuing affordability requirements of the NSP notice.

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>Lake County will require that

### **Definitions and Descriptions:**

all NSP assisted homebuyers complete a pre-purchase workshops conducted by the Fair Housing Resource Center, Inc. They are a HUD Certified Housing Counseling Agency that works with residents to meet pre-purchase, post-purchase, foreclosure and reverse mortgage needs.

### **Low Income Targeting:**

Lake County with subcontract with two (2) area nonprofit agencies that serve the special needs population. Extended Housing, Inc. will administer a new construction project that will provide 17 new efficiency apartments for the special needs population in Lake County. Secondly, Western Reserve Community Development Corporation will create new single family rental housing opportunities throughout the identified target areas.

### **Acquisition and Relocation:**

Lake County intends to partner with local non profits and contract with parties who have experience in acquisition and rehabilitation. All homebuyers will have incomes at or below 120% of AMI and will be located through a marketing campaign, which may include, but not be limited to, newspaper or tv ads, local non profit campaigns, notices on the websites, etc.. A centralized waiting list will be created as needed.

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>Applications shall be processed by Lake County or its contracted agent(s). Lake County is aware that mortgages are difficult to obtain, and many homebuyers will have damaged credit. Lake will work with local counselors to assist homebuyers with credit repair and homebuyer counseling. Lake County also intends to work with local banks to develop programs and is developing a strategy for direct mortgage assistance and a lease to purchase program.

Lake County, or its agents, shall work with local contractors with the appropriate licenses and insurance. Rehabilitation specifications shall be developed for each property. Bids shall be awarded through a competitive bid process and will be awarded to the lowest responsible bid. Lake County reserves the right to designate a bid as non responsible due to capacity or performance issues.

Project managers shall inspect the properties and ensure that work is being completed and appropriate permits and inspections have occurred. When purchasers are identified prior to rehabilitation, homebuyers will have input into the specification development for items such as color selections. All homes will be sold for the lesser of the cost of acquisition and rehab or appraised value. A financial strategy is under development to ensure affordability and documents shall be required to ensure continued affordability.

Lake County does intend to demolish units which conditions are substandard and are not cost effective to rehabilitate. These properties will be determined as blight and creating a hardship on surrounding low/mod neighborhoods. Properties located in most low mod areas will meet the affordable housing definition as set by HUD. It is the County's intent to develop these properties with new permanent housing opportunities for households at or below 120% AMI.

### **Public Comment:**

The Action Plan and Substantial Amendment will be made available via internet and hard copies at various county offices.

Per discussions with our HUD rep, staff changed "Project Title" for Project 01 to

"Acquisition/Rehabilitation/Redevelopment." This will conform with DRGR specifications and will help clarify the eligible uses in our NSP plan.

Feb. 2011: Verified proposed accomplishments and beneficiaries per HUD technical guidance.

March 2011: The Action Plan was amended, per technical guidance to reflect budget adjustments for Activities 02, 05 and 06 due to the expenditure of program income originally booked for Activity 02. Internally we account 100% for the budgets of all 3 of our these activities, but the budget within DRGR for Activity 02 is too low to fulfill the remaining expenses. The figure is low because the program income dollars (budgeted for Activity 02) were the first drawn from Activity 02's budget, regardless of the activity we were invoiced for—for example, the first handful of invoices received in the winter of 2010 were for activities 05/06, rather than activity 2. That said, as required by NSP guidance, we used the program income (rather than program funds) to pay these bills via the DRGR voucher method. Therefore, our budgets for Activities 05 and 06 are high because the first invoices were paid with PI rather than Program Funds. The budget adjustments taken in this Action Plan are based on Technical Guidance received on March 30, 2011. It should be noted that many communities are encountering this issue of correctly budgeting program income expenditures in DRGR.

The adjusted budgets are discussed in the narratives of activities 02, 05, 06.

August 2011: A home constructed under activity 02 was sold and Program Income of \$101,432.84 was received. Initially, staff thought we would need to adjust the obligations and budgets in the Action Plan and DRGR as noted in the "March 2011" narrative above, but research and guidance from HUD help desk indicated that PI should be reflected during the QPR stage and is not obligated in DRGR.

Staff attempted to increase the budget and obligation in Activity 02 but was unable to do so because this would result in an overall budget in

excess of our total NSP grant. Furthermore, unlike the "March 2011" description the obligations and budgets of the other Activities does not require any adjustments.

The difference between this amendment and the "March 2011" situation is that we had to adjust budgets/obligations in multiple activities due to PI being used for all the activities and drastically reducing the funds available for activity 02 which is where we need the funds. While we understand traditionally the PI is the first amount to be invoiced, we would like to restrict this to only Activity 02 which will allow us to fulfill the 6 homes described in DRGR. If future issues arise, staff will work with CPD and HUD help desk to correct the system.

August 17, 2011: Staff reduced the budget for Activity 05 by \$101,432.84 (Program Income received due to sale of home in July) and increased the budget of Activity 02 by the same amount. This PI was budgeted for Activity 02 but because PI is required to be used before

#### Public Comment:

rogram funds, we had to use the \$101,432.84 for Activity 05 invoices. This minor adjustment is similar to the amendment in March and is based on HUD TA.

Overall	This Report Period	To Date
Total Projected Budget from All Sources	N/A	\$3,646,195.91
Total Budget	\$0.00	\$3,646,195.91
Total Obligated	\$0.00	\$3,402,859.00
Total Funds Drawdown	\$0.00	\$1,284,575.93
Program Funds Drawdown	\$0.00	\$1,284,575.93
Program Income Drawdown	\$0.00	\$0.00
Program Income Received	\$0.00	\$0.00
Total Funds Expended	\$0.00	\$150,000.00
Match Contributed	\$0.00	\$0.00

## Progress Toward Required Numeric Targets

Requirement	Required	To Date
Overall Benefit Percentage (Projected)		0.00%
Overall Benefit Percentage (Actual)		0.00%
Minimum Non-Federal Match	\$0.00	\$0.00
Limit on Public Services	\$510,428.85	\$0.00
Limit on Admin/Planning	\$340,285.90	\$134,575.93
Limit on State Admin	\$0.00	\$134,575.93

## Progress Toward Activity Type Targets

## Progress Toward National Objective Targets

National Objective	Target	Actual
NSP Only - LH - 25% Set-Aside	\$850,714.75	\$850,715.00

## Overall Progress Narrative:

Currently, the non-profit that was awarded funds for the purchase/rehab/resell activity is still working on the 5 units that were purchased under the previous quarterly report. They are getting ready to close on the sale of one unit. We anticipate that the next report will show that we have sold 2 units.

The county also anticipated drawing down the funds that are part of the 25% set-aside for our low-income housing

project to consist of 12 apartments for people with special needs.

## Project Summary

Project #, Project Title	This Report Period	To Date	
	Program Funds Drawdown	Project Funds Budgeted	Program Funds Drawdown
01, Acquisition/Rehabilitation/Redevelopment	\$0.00	\$2,000,000.00	\$1,150,000.00
02, Administration	\$0.00	\$340,000.00	\$134,575.93
03, Eliminated Activity (Sept., 13, 2010)	\$0.00	\$212,144.00	\$0.00
04, Redevelopment-Extended Housing Inc.-25% set-aside	\$0.00	\$850,715.00	\$0.00
05, Land Bank	\$0.00	\$0.00	\$0.00



## Activities

<b>Grantee Activity Number:</b>	<b>06</b>
<b>Activity Title:</b>	<b>NSP I, Phase II (WRCDC)</b>

### Activity Category:

Rehabilitation/reconstruction of residential structures

### Project Number:

01

### Projected Start Date:

09/19/2010

### Benefit Type:

Direct ( HouseHold )

### National Objective:

NSP Only - LMMI

### Activity Status:

Under Way

### Project Title:

Acquisition/Rehabilitation/Redevelopment

### Projected End Date:

03/01/2013

### Completed Activity Actual End Date:

### Responsible Organization:

Western Reserve Community Development

### Overall

	Jan 1 thru Mar 31, 2010	To Date
<b>Total Projected Budget from All Sources</b>	N/A	\$550,000.00
<b>Total Budget</b>	\$0.00	\$550,000.00
<b>Total Obligated</b>	\$0.00	\$750,000.00
<b>Total Funds Drawdown</b>	\$0.00	\$500,000.00
<b>Program Funds Drawdown</b>	\$0.00	\$500,000.00
<b>Program Income Drawdown</b>	\$0.00	\$0.00
<b>Program Income Received</b>	\$0.00	\$0.00
<b>Total Funds Expended</b>	\$0.00	\$0.00
<b>Match Contributed</b>	\$0.00	\$0.00

### Activity Description:

The DEVELOPER will utilize NSP funds to acquire property and construct up to three homes approximately 1,100 - 1,400 sq. ft. within the primary and secondary target areas noted in Lake County's Substantial Amendment.

These sites will be used to construct new single family homes and rent or sell them to eligible low-moderate-middle income (LMMI) households per HUD NSP guidelines. The developer is required to document and verify income eligibility of all renters. The developer shall ensure affordable rents according to HUD guidelines. The developer will make these homes available to the Lake County housing non profit community and other support services like the Veterans Administration to help them provide housing to those with the greatest need.

These units will be owned and managed by the developer. They will be built to a higher standard of energy efficiency than now required and will utilize proven sustainable technologies and construction best management practices including but not limited to pervious pavement driveways, rain barrels, tankless hot water heaters and energy efficient appliances. To ensure best management practices are considered, the planning process will include consultations with the Lake County Grants Administrator, the City of Painesville, Fair Housing, and the staffs of the Lake County Planning Commission and Lake County Soil and Water.

Long-term, lease-purchase options will be available for qualified individuals and subject to affordability terms. Affordability standards as required by Section 92.254 of the HOME Program regulations will be as follows: NSP assistance for homebuyer programs, acquisition/rehabilitation/resell: \$10,001 - \$40,000 will require continued affordability for 15 years. NSP funding of more than \$40,001 will require continued affordability for 20 years. Acquisition or new construction of rental units will mandate an affordability period of not less than 20 years at any funding level.

As part of our staff transition in late 2010, Lake County staff, along with Western Reserve Community Development Corporation verified the eligible uses on the properties in this phase. The classifications are as follows:

1. 321 Morrell Ave., Eligible Use B
2. 1312 E. 342nd St., Eligible Use E



### 3. 57 Sterling Ave., Eligible Use E

March 2011: The total project for this activity was adjusted to reflect the proper amount of \$502,460.61. Program income of \$141,904.07 that was "booked" for future use under activity 02 was used to pay for \$47,539.39 worth of activity 06 invoices. This new budget reflects the actual budget amount and corresponds with internal accounting material. This adjustment was based on technical guidance provided to staff on March 30, 2011.

### Location Description:

Cities of Eastlake, Painesville and Madison.

### Activity Progress Narrative:

Currently, the non-profit that was awarded funds for the purchase/rehab/resell activity is still working on the 5 units that were purchased under the previous quarterly report. They are getting ready to close on the sale of one unit. We anticipate that the next report will show that we have sold 2 units.

The county also anticipated drawing down the funds that are part of the 25% set-aside for our low-income housing project to consist of 12 apartments for people with special needs.

### Accomplishments Performance Measures

	This Report Period	Cumulative Actual Total / Expected
	Total	Total
# of Properties	5	5/3

	This Report Period	Cumulative Actual Total / Expected
	Total	Total
# of Housing Units	5	5/3
# of Singlefamily Units	0	0/3

### Beneficiaries Performance Measures

	This Report Period			Cumulative Actual Total / Expected			
	Low	Mod	Total	Low	Mod	Total	Low/Mod%
# of Households	0	0	5	0/0	0/3	5/3	0.00

### Activity Locations

No Activity Locations found.

### Other Funding Sources Budgeted - Detail

No Other Match Funding Sources Found

Other Funding Sources	Amount
No Other Funding Sources Found	
Total Other Funding Sources	