

# Action Plan

**Grantee:** Lake County, IN

**Grant:** B-11-UN-18-0002

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<b>LOCCS Authorized Amount:</b>	\$ 1,613,168.00
<b>Grant Award Amount:</b>	\$ 1,613,168.00
<b>Status:</b>	Reviewed and Approved
<b>Estimated PI/RL Funds:</b>	\$ 950,000.00
<b>Total Budget:</b>	\$ 2,563,168.00

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## Funding Sources

Funding Source	Funding Type
Sale of Rehab Properties	Program Income

## Narratives

### Summary of Distribution and Uses of NSP Funds:

Lake County has the benefit of being in the middle of undertaking a major NSP 1 program, and it has learned much from it. It applied what it has learned to selecting areas for undertaking NSP 3 activities. One of the first lessons is that, given the level of funding, the program is not likely to have any significant impact in some of the highest rated areas for distress. They either have levels of deterioration that is beyond the scope of the program, or involve areas where it is highly unlikely that even renovated housing units could be sold at any price. Early on it was determined that just because an area had "great need" did not mean it was an area where a positive impact could be made with the funds available. Lake County obtained a spreadsheet printout of all of the NSP 3 HUD Needs data. It eliminated those block groups in Gary, Hammond and East Chicago. It also eliminated those areas where the area need score was below the State level of 17. The County looked closely at all block and block group areas in the Urban County, which had NSP 3 levels from 17-20. While there are areas with ratings of 19, most were determined to be places where it was not likely to be able to undertake a successful program of acquisition, rehabilitation and resale. Since the County has had success with this activity (so far) under NSP 1, it was decided to continue to do what is successful. The County looked closely at areas where it had success acquiring and renovating units under NSP 1. It hopes to be able to parlay this into a greater impact on the general area. Thus, it looked closely at areas where it either had undertaken houses in the area, or close to the area. It also looked at areas where other programs were being undertaken. This meant it looked most closely at areas within the five communities in which it operated under NSP 1. These are Lake Station, Hobart, Crown Point, Merrillville and Highland. Some of these were easy to eliminate. Crown Point and Highland had no areas that met the State distress level, and were dropped from consideration. So, emphasis was placed on areas within the other three communities that met the minimum NSP 3 distress level. The County looked at a number of different areas in these communities, and sent a number of them to HUD. Some were determined to not meet the needed criteria, others were too big, or were in an area where success in carrying out the activity was not likely. There was also a consideration of size. As was learned in NSP 1 the public body is really playing "Russian Roulette" in attempting to gain decent housing in areas where it is likely they can be successfully remodeled and sold. As any realtor knows many factors enter into this. There is job location, shopping, general environment, emergency assistance, schools, crime, other amenities and so on. The County found that in NSP 1 that the real estate slogan "location, location, location" is, in fact, true. The County is competing against real estate investors seeking cheap purchases for minor fix up and sale, or to rent. So, the area (s) selected must contain enough foreclosed, vacant, or abandoned structures to make it likely that the County will be able to successfully obtain units that have a good chance for successful remodeling and re> During the winnowing process the County considered all of these factors, made use of its extensive NSP 1 experience, talked to realtors, partners and others knowledgeable in the housing market. In the end the County submitted 10 different potential areas for HUD determination of meeting the HUD need criteria, plus myriad of other considerations that must be considered for a successful program. In the end, impact will depend on how successful are the outcomes of the activities undertaken. This will no



**How Fund Use Addresses Market Conditions:**

The primary data source was the HUD Foreclosure Need website and information obtained there. A print out of all block groups in Lake County was created. From this, areas were removed that were in the Cities of Hammond, Gary and East Chicago, as well as those that did not meet the required qualifying NSP 3 score. Then discussions were held with groups the County will partner with for activities. The County also reviewed areas where the County has made an effort to target other activities (i.e. CDBG, HOME, NSP 2, etc.) to support neighborhood stabilization and revitalization. As the County narrowed down the target area possibilities, it supplemented the HUD data with updated U.S. Census data from American Fact finder for the period 2005-09.

**Ensuring Continued Affordability:**

Continued affordability will be ensured for the entire period of affordability through monitoring that follows the specific HOME requirements as defined in 24 CFR 92.252 for a rental project, and 92.254 for a homeowner.

**Definition of Blighted Structure:**

Blighted Structure- a structure that has been abandoned or foreclosed as both terms are defined in the Housing Recovery Act of 2008, as modified subsequently by HUD and the Dodd-Frank Act of 2011, or has violations of local building, housing maintenance, or health codes, or is in a deteriorated condition through lack of upkeep or maintenance.

Blighted Area means an area which by reason of the presence of a substantial number of blighted, deteriorated or deteriorating structures, the predominance of defective or inadequate street layout in relation to size, adequacy, accessibility, or usefulness, unsanitary or unsafe conditions, deterioration of site or other improvements, diversity of ownership, tax or special assessment delinquency exceeding the fair market value of the land, defective or unusual conditions of title, or the existence of conditions which endanger life or property by fire or other causes, or any combination of such factors, substantially impairs or arrests the sound growth of an area, retards the provision of housing accommodations, or constitutes an economic or social liability and is a menace to the public health, safety, morals or welfare in its present condition and use.

**Definition of Affordable Rents:**

For any NSP 3 funded activity, "affordable rents" shall be defined as rent that does not exceed 30% of a household's gross income as determined using the Section 8 method of income determination. HUD's Fair Market Rent schedule for the Gary PSMA will be used. Should any rent gap be present, funds for this gap will be required from other sources of funding

**Housing Rehabilitation/New Construction Standards:**

The minimum housing rehabilitation standard for the Lake County NSP3 shall be the HUD HQS. That said, it is the intent of the County to rehabilitate these units to a much higher standard, just as it did with NSP1 funds. It is the intent to make units undertaken with NSP3 funds "the best house on the block" within cost limitations.

The County will be required to conduct rehabilitation in accord with the local codes applicable to the location of the unit. All appliances will be Energy Star. All replaced plumbing will be water efficient toilets, showers and faucets. All gut replacement or new construction will be HUD standard for Energy Star qualified New Homes. Other rehabilitation will meet these standards to the extent applicable for the rehabilitation work undertaken. For example, appliances, if replaced, will be Energy Star-46 labeled products.

**Vicinity Hiring:**

The jurisdiction certifies that it will, to the maximum extent feasible, provide for hiring of employees that reside in the vicinity of NSP3 funded projects or contract with small businesses that are owned and operated by persons residing in the vicinity of NSP3 projects. Lake County will make attempts to see that persons and/or companies from the NSP 3 target areas are engaged and/or hired. Given the two target areas are all residential, and one is very small, this may be quite difficult in the Merrillville and Hobart areas. In Whiting, which includes a commercial area, involving area companies may be possible. The second areas for engaging such persons will be the Cities of Whiting, Hobart and Merrillville. Urban Lake County has long defined the hiring preference "vicinity" for the CDBG program to be all of Lake County. It will use this same definition of "vicinity" for NSP 3 as the third preference. The County will spell out in advertisements for contractor, and in construction contracts, the requirement that contractors must make a "best faith effort" to meet Section 3 goals and standards when hiring new employees for NSP 3 projects.

**Procedures for Preferences for Affordable Rental Dev.:**

The jurisdiction certifies that it will abide by the procedures described in its NSP3 Abbreviated Plan to create preferences for the development of affordable rental housing for properties assisted with NSP3 funds. ACTIVITY HOME SUBSIDY UNIT MUST REMAIN AFFORDABLE

			FOR AT LEAST:
		Homebuyer New Construction Acquisition	
LESS THAN \$15,000	5 YEARS	, , Rehab/Acquisitions	\$15,000-
\$40,000	&n		

**Grantee Contact Information:**

TIMOTHY A BROWN, EXECUTIVE DIRECTOR  
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219-755-3231



## Project Summary

<b>Project #</b>	<b>Project Title</b>	<b>Grantee Activity #</b>	<b>Activity Title</b>
9999	Restricted Balance		<i>No activities in this project</i>
NSP3 - 1	ACQUISTION/REHABILITATION/RES	NSP3 -1	Acquisition/Rehabilitation/Resale
NSP3 - 2	ACQUISITION/REHABILITATION/RENT	NSP3 - 2	Acquisition/Rehabilitation/Rental
NSP3 - 3	ADMINISTRATION	NSP3 - 3	Administration



# Activities

**Project # /** NSP3 - 1 / ACQUISTION/REHABILITATION/RESALE

**Grantee Activity Number:** NSP3 -1  
**Activity Title:** Acquisition/Rehabilitation/Resale

**Activity Type:**  
 Acquisition - general

**Project Number:**  
 NSP3 - 1

**Projected Start Date:**  
 05/15/2011

**Project Draw Block by HUD:**  
 Not Blocked

**Activity Draw Block by HUD:**  
 Not Blocked

**Block Drawdown By Grantee:**  
 Not Blocked

**National Objective:**  
 LMMI: Low, Moderate and Middle Income National Objective for NSP Only

**Benefit Report Type:**  
 Direct (Households)

**Activity Status:**  
 Under Way  
**Project Title:**  
 ACQUISTION/REHABILITATION/RESALE  
**Projected End Date:**  
 06/08/2015

**Project Draw Block Date by HUD:**

**Activity Draw Block Date by HUD:**

**Total Budget:** \$ 1,583,076.61  
**Most Impacted and Distressed Budget:** \$ 0.00  
**Other Funds:** \$ 234,516.62  
**Total Funds:** \$ 1,817,593.23

**Program Income Account:**  
 NPS-3 / REHAB-ACQUISTION

**Proposed Beneficiaries**

# of Households

Total	Low	Mod	Low/Mod%
13			0.00

**Proposed Accomplishments**

# of Singlefamily Units  
 # of Housing Units  
 # of Properties

Total
13
13
13

**Activity is being carried out by**  
 No

**Activity is being carried out through:**

**Organization carrying out Activity:**  
 Lake County

**Proposed budgets for organizations carrying out Activity:**

Responsible Organization	Organization Type	Proposed Budget
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Lake County

Local Government

\$ 1,483,076.61

**Funding Source Name**

**Matching Funds**

**Funding Amount**

Sale of Rehab Properties

No

\$ 234,516.62

**Location Description:**

Portion of Cities of Hobart and Whiting and the Town of Merrillville.

**Activity Description:**

Lake County is fortunate that it is was a major participant in NSP 1. It was able to put in place a process, contractors, and other support agencies and personnel to commit \$5.6 million dollars in NSP 1 funds in an 18-month period. The major portion of these funds went to undertake a program of acquisition/rehabilitation/resale of distressed properties in the selected target areas. To date, the process has enabled the County to acquire 23 single family residential properties, complete extensive rehabilitation of 8 properties, have underway the renovation of 12 properties, and sell 6 dwelling to income qualified households. Most of these have been sold at appraised value.

LCCEDD intends to use this same process, and assembled a group of contractors, and support personnel, to undertake the acquisition/rehabilitation/resale activity under NSP 3. It has in place a person to assist with acquiring eligible properties, an organization that undertakes the preparation of work specification, cost estimates, engages contractors, inspects work and gives final renovation approval, and Realtors to assist with the disposition of the property. However, LCCEDD will retain control of the property, and provide oversight for all facets of this activity, just as it did NSP 1.

The LCCEDD will undertake this activity in the three selected target areas. These have been provided elsewhere. In all selected areas, it will be meeting the 20% "improvement/impact" on the target areas selected. The County has attempted to select areas where it has other activities underway to support the relatively few units it can undertake with NSP 3 funds.

The overall budget for all activities is as follows:

NSP 3 Grant	\$1,613,168
Minus Admin	\$161,316
Program Funds	\$1,451,852
Minus 25%	\$403,292
Activity 1 funds	\$1,048,560

Based on experience with NSP 1, the County estimates it can accomplish 13 single family dwellings units at an average cost of \$131,070.

Based on NSP 1 experience the County has an idea of both costs and project income. It should be able to complete eight units with the initial grant, and five more with projected income from sales for a total of thirteen.

The County, under NSP 1, takes a second mortgage at zero interest on the property, behind the first lender (financial institution). This mortgage bears no interest rate. Its duration depends on the amount of subsidy involved in the ultimate sale of the property. Under \$5,000 five years, under \$40,000 ten years, over \$40,000 fifteen years. The houses are offered at the rehabilitation appraised value which cannot exceed the cost of acquisition, rehabilitation, and eligible soft costs. Under NSP 1 there has always been a subsidy of some amount. However, several properties have sold at the appraised value, others just under.

The main activity beneficiaries will, in most cases, be renters who become homeowners. Distressed existing owners will also be eligible.

The benefit to income-qualified households will be there that at least thirteen such households will be able to purchase renovated dwelling units at a price they can afford. This will remove thirteen vacant, foreclosed or abandoned dwelling units from the target areas thereby reducing blight in these areas.

**Environmental Assessment:** UNDERWAY

**Environmental** None



**Project # / NSP3 - 2 / ACQUISITION/REHABILITATION/RENTAL**

**Grantee Activity Number:** NSP3 - 2  
**Activity Title:** Acquisition/Rehabilitation/Rental

**Activity Type:**

Acquisition - general

**Project Number:**

NSP3 - 2

**Projected Start Date:**

05/15/2011

**Project Draw Block by HUD:**

Not Blocked

**Activity Draw Block by HUD:**

Not Blocked

**Block Drawdown By Grantee:**

Not Blocked

**National Objective:**

LH25: Funds targeted for housing for households whose incomes are at or under 50% Area Median Income.

**Activity Status:**

Completed

**Project Title:**

ACQUISITION/REHABILITATION/RENTAL

**Projected End Date:**

06/29/2015

**Project Draw Block Date by HUD:**

**Activity Draw Block Date by HUD:**

**Total Budget:** \$ 520,777.57  
**Most Impacted and Distressed Budget:** \$ 0.00  
**Other Funds:** \$ 90,198.70  
**Total Funds:** \$ 610,976.27

**Benefit Report Type:**

Direct (Person)

**Proposed Beneficiaries**

# of Persons

Total	Low	Mod	Low/Mod%
12			0.00

**Proposed Accomplishments**

# of Multifamily Units

# of Housing Units

# of Parcels acquired by condemnation

# of Properties

**Total**

12

12

3

3

**Activity is being carried out by**

No

**Activity is being carried out through:**

**Organization carrying out Activity:**

IN-PACT, INC.2

**Proposed budgets for organizations carrying out Activity:**

Responsible Organization	Organization Type	Proposed Budget
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IN-PACT, INC.2

Non-Profit

\$ 520,777.57

**Funding Source Name**

**Matching Funds**

**Funding Amount**

Sale of Rehab Properties

No

\$ 90,198.70

**Location Description:**

Portions of Citites of Hobart and Whiting and the Town of Merrillville.

**Activity Description:**

Over many years, LCCEDD has partnered with IN-PACT , an Not-for-Profit Organization, to provide housing for developmentally disabled persons in the area. Over the years, this non profit group has worked with the County to provide over 20 new and rehabilitated units for these individuals. This group is also a CHDO. Under NSP 1, they are constructing and rehabilitating an additional 10 units in selected target areas.

In developing the NSP 3 program LCCEDD once again turned to IN-PACT to provide additional units for its very low income clients. The County will provide funding in the amount of \$403,292 to IN-PACT in order for them to acquire, rehabilitate and rent three vacant, abandoned, or foreclosed dwelling units in the selected target areas. This would provide housing for an estimated nine developmentally disabled persons.

The upgrading of three dwelling units in these target areas will not only provide much needed housing for these handicapped persons, it will also remove three dwelling units from becoming a blight on the target areas, and, in conjunction with the units being undertaken by NSP 1, and activity 1 in NSP 3, have a major impact on the housing market in target areas.

As in the past, this assistance will be provided as a no interest loan. It shall have a mortgage term of 15 years, which will ensure continued affordability.

All beneficiaries will be handicapped renters. These persons are all very low income (below 50% of the area median income). Virtually all are on SSI and some have Section 8 vouchers.

As noted above the 15 year mortgage assures continued affordability.

This activity will produce three rental housing units with NSP 3 funds.

Virtually all of the target areas are exclusively residential in use, save some areas of Whiting. There are few businesses in these areas. Businesses that are there are convenience retail type. Lake County uses all local contractors for rehabilitation, all small contractors for building maintenance, security and such. These businesses all hire local (Lake County) residents as employees, if they hire anyone at all. The County will see that this practice continues, and require all contactors to provide, and follow, Section 3 plans for their work.

**Environmental Assessment:** COMPLETED

**Environmental** None

**Project # / NSP3 - 3 / ADMINISTRATION**

**Grantee Activity Number:** NSP3 - 3  
**Activity Title:** Administration

**Activity Type:**  
Administration

**Activity Status:**  
Under Way

**Project Number:**

**Project Title:**



NSP3 - 3

**Projected Start Date:**

03/15/2011

**Project Draw Block by HUD:**

Not Blocked

**Activity Draw Block by HUD:**

Not Blocked

**Block Drawdown By Grantee:**

Not Blocked

**National Objective:**

Not Applicable - (for Planning/Administration or Unprogrammed Funds only)

**Benefit Report Type:**

NA

ADMINISTRATION

**Projected End Date:**

05/14/2015

**Project Draw Block Date by HUD:**

**Activity Draw Block Date by HUD:**

**Total Budget:** \$ 90,000.00

**Most Impacted and Distressed Budget:** \$ 0.00

**Other Funds:** \$ 36,079.49

**Total Funds:** \$ 126,079.49

**Program Income Account:**

NSP3-3 / ADMIN

**Activity is being carried out by**

Yes

**Activity is being carried out through:**

Grantee Employees

**Organization carrying out Activity:**

Lake County

**Proposed budgets for organizations carrying out Activity:**

**Responsible Organization**

Lake County

**Organization Type**

Local Government

**Proposed Budget**

\$ 90,000.00

**Funding Source Name**

Sale of Rehab Properties

**Matching Funds**

No

**Funding Amount**

\$ 36,079.49

**Location Description:**

Area or possible areas of greatest need where activity is being undertaken.

**Activity Description:**

Administer NSP3 Grant



**Environmental Assessment:** EXEMPT

**Environmental** None

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## Action Plan Comments:

- Reviewer - AB - There are errors that need corrected. See activity notes.
- Reviewer - AB - rejected so County can correct INPACT information including a Duns Number.
- Reviewer - AB - approved and review sheet uploaded.
- Reviewer - AB - approved as projects and activities have now been correctly linked.
- Reviewer - AB - reviewed and approved.
- Reviewer - AB - Reviewed and approved. Will inform the grantee about the two flags for end dates and request they be addressed.

## Action Plan History

Version	Date
B-11-UN-18-0002 AP#1	05/03/2011
B-11-UN-18-0002 AP#2	01/26/2012
B-11-UN-18-0002 AP#3	04/22/2013
B-11-UN-18-0002 AP#4	10/01/2014
B-11-UN-18-0002 AP#5	12/17/2014
B-11-UN-18-0002 AP#6	06/29/2015
B-11-UN-18-0002 AP#7	04/26/2019



