

Grantee: Elkhart, IN

Grant: B-08-MN-18-0002

January 1, 2021 thru December 31, 2021

Grant Number:

B-08-MN-18-0002

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

Elkhart, IN

Contract End Date:**Review by HUD:**

Reviewed and Approved

Grant Award Amount:

\$2,251,346.00

Grant Status:

Close

QPR Contact:

Laura Miller

LOCCS Authorized Amount:

\$2,251,346.00

Estimated PI/RL Funds:

\$325,683.00

Total Budget:

\$2,577,029.00

Disasters:

Declaration Number

NSP

Narratives

Areas of Greatest Need:

A goal of the NSP project in Elkhart will be to increase the livability of neighborhoods by removing nuisance properties as identified by local neighborhood associations. The City will request lists of addresses from these associations for inclusion in the property-review process. The effects of dilapidated and abandoned properties are most directly felt by neighbors, and their input into the selection process is valuable to the overall success of this project.

Distribution and and Uses of Funds:

The City of Elkhart evaluated data provided by HUD to determine the area of greatest need as required by the NSP. This review indicated the area of greatest need is consistent with the existing Neighborhood Revitalization Strategy Area (NRSA) currently used by the City for distribution of funds through the CDBG program with a minor boundary change (see map). By focusing limited NSP resources in this area, the City will continue building on existing programs and improving services to the low-mod-middle income neighborhoods. The NSP eligible activities that will be undertaken by the City are: Purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon in order to sell, rent or redevelop such homes and properties. This activity will purchase fifteen vacant homes for repair. These properties will then be transferred to local housing partners who will manage rehabilitation or retained by the City for management during the rehabilitation process. The rehabilitated property will then be sold to an income qualified homebuyer or local agency to provide quality, affordable rental opportunities in our community. Demolish blighted structures. The City intends to demolish approximately sixty-five substandard housing units. The demolition of substandard housing will increase the livability of neighborhoods by removing blighted and nuisance properties, creating a benefit for the low- and moderate-income families in the area. The property resulting from the clearance of the structure will be reused for one of the following purposes: 1. construction of new homes for low-mod-middle income persons 2. sale of the lot to an adjacent residential property owner who meets low-mod-middle income guidelines 3. community space in low-mod-middle income areas Redevelop demolished or vacant properties. The City intends to acquire sixty lots for redevelopment. A portion of those lots will be transferred to adjacent property owners. Another ten lots will be used to provide homebuyer units for sale to low-moderate-middle income households with the assistance of NSP funds. The remaining lots would be retained by the City for use as recreational areas in low-mod neighborhoods or sold to developers for additional housing units for persons at or below one hundred twenty percent AMI. General Information: Properties to be assisted through this program will be selected using a set of established criteria by a local committee to be appointed by the Mayor. The City will enforce affordability and use restrictions required by the NSP through a recorded mortgage. This mortgage will refer to a note containing all programmatic conditions and will be signed at the property closing. The mortgage will be released upon completion of the affordability period. Affordability periods are based on NSP investment in the project and range from five to fifteen years. A discount rate for the acquisition of any properties with NSP fund is required by the program. The discount rate for all acquisition through this program will be fifteen percent or more. This will result in the acquisition of properties at eighty-five percent or less than current appraised. It is anticipated that interest rates for the new construction loan pool will be very low to provide an incentive for developers to utilize the NSP funds. A zero to three percent loan would be most practical for this type of program. The NSP program requires that a minimum of twenty-five percent of th

Distribution and and Uses of Funds:

e funds (approximately \$575,000) be used to provide housing opportunities for individuals or families whose incomes do not exceed fifty percent of area median income.



Definitions and Descriptions:

C. Definitions and Description

The following definition of affordable rent is to replace the former definition provided in the NSP plan.

(2) Definition of "affordable rents." Note: Grantees may use the definition they have adopted for their CDBG program but should review their existing definition to ensure compliance with NSP program -specific requirements such as continued affordability.

Response:

"Affordable Rents" is defined as the rent limits provided by the US Department of Housing and Urban Development (HUD) annually. This rent limit is designed to ensure that units built using program funds are affordable to low- and very low-income households. The rent limit for a given unit is the maximum rent a property owner may charge a

tenant

for the unit. Any rental

housing produced with NSP funds will follow HOME rent limits for the entire affordability period based on the NSP lien recorded for that property. For housing units not subject to the 50% AMI set-aside requirements or where the tenant occupying a 50% AMI set-aside unit is a participant in a rent subsidy program, the fair market rent or High HOME rent limits, which ever is higher, will act as the maximum rent allowable. Rental units produced to meet the set-aside requirements for households at or below 50% AMI must use the Low HOME rent limits when the tenant is not a participant in a rent subsidy program and is responsible for paying their entire rent obligation.

Low Income Targeting:

D. Low Income targeting

Identify the estimated amount of funds appropriated or otherwise made available under the NSP to be used to purchase and redevelop abandoned or foreclosed upon homes or residential properties for housing individuals or families whose incomes do not exceed fifty percent of area median income:\$575,000.

Note: At least 25% of funds must be used for housing individuals and families whose incomes do not exceed 50 percent of area median income.

Response:

The City ofElkhart is committed to utilizing NSP funds to assist persons at or below fifty percent AMI. Partners such as La Casa Inc., the Elkhart Housing Authority, Habitat for Humanity, the Faith Mission, Emerge Ministries, and AIDS Ministries/AIDS Assist will work with the City to identify potential projects to serve individuals and families at or below fifty percent AMI. Preliminary discussions with local partners have centered on the following potential projects types:

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• new construction of single-family homes for sale to homebuyers

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• renovation of existing homes for sale to homebuyers

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• renovation of existing homes for use as permanent or transitional housing units for local homeless individuals or families

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Public Comment:

oohesef the existing builinanacqisition. The concern with buying industrial or commercial properties would obviously be contamination, etc. Mr. Duncan said he was referring to something like an old retail property, rather than an old industrial property.

Q: Mr. Robinson, a Redevelopment Commission Member said these properties should be in neighborhoods you are trying to stabilize. Sixty-five seems to be a high number to him when he read this plan.

Q: Mr. Eldridge said that he bet the number is larger than sixty-five properties.

Q: Mr. Robinson said not to be demolished. He understands this figure if it was for rehabilitation of properties.

R: Ms. Welsh said the eighteen months is a very short time to start the acquisition process and get all the way through to the end. Staff will focus their attention on the very bad buildings for demolition, and then the renovations will be relatively minor. The Building Commissioner has 11 properties to be demolished that has gone through the Order to Take Action hearings.

Q: Mr. Eldridge said that if he understands it is the Redevelopment Commission's responsibility to oversee the program over the next 18 months to make sure it is implemented and the funds are spent and used properly.

R: Ms. Welsh stated that because the City will likely have to enter the chain of title on many of these properties, we have to have an entity to manage those properties. Because of the mission of the Redevelopment Commission it just makes logical sense that that would be this group that would essentially manage the properties. It may be that the Commission will have to hold some of the vacant lots for quite some time before they become marketable and we can sell them to developers or individuals that will then build homes on them.

Q: Mr. Duncan asked if we can use the federal funds to pay for liability for the Commission.

R: Ms. Welsh said the City already pays for liability insurance for their boards and commissions.

Q: Mr. Robinson asked Ms. Welsh if she was looking for vacant lots to sell to people already in the neighborhood or to build on these properties.

R: Ms. Welsh replied either. Staff will then engage developers directly or work with LaCasa or other not for profit agencies to build housing. There is nothing that would prohibit the City from selling a property to an individual with the wherewithal to build their own home on a lot.

Q: Mr. Eldridge asked when does the 18 month clock start.

R: Ms. Welsh replied it will be February 2009, when we receive the award notice.

Q: Mr. Robinson asked how will Ms. Welsh select the contractors?

R: Ms. Welsh replied there will be an article in the newspaper, but staff currently has a list of contractors that we work with through the owner-occupied renovation program. Anybody interested in doing work for the Community Development Department for either program will have to fill out a contractor's application.

Q: Mr. Eldridge asked where did these funds come from?

R: Ms. Welsh replied Congress. Congress passed a law and dedicated \$4 billion dollars to this neighborhood stabilization program.



Mr.Eld

Acquisition and Relocation:

E. Acquisitions & Relocation

Indicate whether grantee intends to demolish or convert any low- and moderate-income dwelling units (i.e., \leq 80% of area median income).

If so, include:

- 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.

Response:

The City of Elkhart intends to demolish approximately sixty-five substandard housing units and renovate approximately fifteen housing units. The program would then work with local building professionals to provide approximately fifteen renovated homes and seven to ten newly constructed homes utilizing NSP funds. The remaining available lots would then be retained by the City for use as recreational areas in low-mod neighborhoods, sold to income qualified adjacent property owners, or sold to developers for additional housing units for persons at or below one hundred twenty percent AMI when demand for housing increases.

Public Comment:

F. Public Comment

Provide a summary of public comments received to the proposed NSP Substantial Amendment.

Response:

In an effort to solicit as public comment and gather public support and input for the NSP process the City of Elkhart undertook the following steps:

- Published a legal advertisement in the Elkhart Truth;
- Posted a notice to the home page of the City of Elkhart web page with a link to the draft document;
- Worked with the Elkhart Truth to provide information regarding the NSP plan and its availability;
- Mailed out at the request of individuals six copies of the draft plan;
- Provided copies of the draft plan to the Mayor, Mayor's Executive Assistant, the nine Common Council Members, and the Council Secretary; and
- Provided copies of the draft plan to the five Redevelopment Commission members and held an informational session during the regular Redevelopment Commission public meeting.

As of 4:00 pm Monday November 24, 2008 the Neighborhood Stabilization Program Application posted on the City of Elkhart web site had been visited twenty-seven times.

Because the NSP application is a lengthy document, the City provided a summary of the plan for those interested in the plan but unwilling or unable to read the entire plan. This document was also posted on the web site and had received thirty visits as of 4:00 pm on Monday November 24, 2008.

As a result of these efforts the following comments were received by the City of Elkhart Community and Redevelopment Department.

Brain Thomas, Second District Common Council member and President of the Strong Together Neighborhood Association, a neighborhood within the proposed NSP area.

COMMENT: Use as much of the funds for demolition as possible

RESPONSE: The City will focus as much of the funding as possible towards removal of substandard buildings while meeting the other goals set forth in the NSP plan.

Dan Beocher, concerned citizen, local lending professional, and housing provider.

COMMENT: Get better pricing for the appraisals.

RESPONSE: The City will publish a request for proposal (RFP) to ensure the best available price for appraisal services.

C: Get better prices on property and lot acquisition.

R: The City will be very strategic in acquiring properties and will demand property owners sell properties at fair prices and in accordance with the NSP guidelines of at least a fifteen percent discount rate over current appraised value. The acceptance of any donated property must be evaluated as with the purchased properties to ensure the usefulness and marketability of the property so that it can be ultimately redeveloped.

C: Look for alternative ways of demolition. Habitat for Humanity has a de-construction program that we should consider rather than straight demolition.

R: the City will work with Habitat and other agencies when possible to decrease cost and salvage materials. The City will publish a RFP for demolition services with a preference for deconstruction and salvage as a component of that proposal

Public Comment:

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C: Set aside money (perhaps from the savings) to maintain the inventory of vacant lots. The impact of removing blighted structures will be lessened if they are replaced with blighted vacant lots.

R: The City will be responsible for the maintenance of properties acquired through the NSP program either for the short-term with properties to be resold or in the long-term for those properties that will result in public amenities. The City will provide



funds, either through NSP when appropriate or other resources, to maintain these properties in a manner that is consistent with local standards and in keeping with the redevelopment plans in place.

Agenda for the City of Elkhart Redevelopment Commission:
 AGENDA FOR REGULAR
 ELKHART REDEVELOPMENT COMMISSION
 LOCATION: CITY HALL, 2NDFLOOR, COUNCIL CHAMBERS
 Tuesday, November 18, 2008
 4:00 P.M.

1. Call To Order
2. Approval of October 16, 2008 Regular Meeting Minutes
3. Unfinished Business
4. New Business
 - a) HUD \$1 Homes for Sale - Offering Resolution
 5. Staff Updates
 - a) City Centre Park
 - b) &b;

Public Comment:

- amp;b;ns;nsp; JaritCut PublcPrkng Lot
- c) Residential Rehab
- d) NSP Plan
- 6. Other Business
 - a) TIF Budget
 - b) TIF Invoices
- 7. Correspondence
- 8. Public Comment
- 9. Adjournment

Ms. Welsh , Head of the Community and Redevelopment Department gave a brief explanation of the NSP plan and asked for questions.

QUESTION: Mr. Eldridge, the President of the Redevelopment Commission asked who is going to identify the properties.
 RESPONSE: Ms. Welsh said that her intent would be for the Mayor to appoint a selection committee of people who are familiar with real estate. We would like to get as much public comment as possible on properties, but the actual site selection needs to be in the hands of professionals.

Q: Mr. Eldridge said it seems to make sense to him also that we might try to schedule some meetings with the neighborhood associations so that we can make them aware of this program.
 R: Ms. Welsh said that she will be holding a Congress of Neighborhoods meeting on December 6th. Ms. Welsh also said that anyone can mail or e-mail her a list of properties of which they are interested in having acquired or demolished. Once a list is put together we can have those properties evaluated by people in the real estate and financial arenas to see which ones are most viable. Ones that we plan to demolish and have no intent to do redevelopment in the near future, those would be ones we will get from the Building Commissioner which are unsafe.

Q: Mr. Duncan, a School Board Representative to the Redevelopment Commission asked Ms. Welsh if her 65 number of properties is an estimate.
 R: Ms. Welsh replied that this was estimated on the budgeted amount. Staff knew how much money they were receiving and just kind of worked backwards on an estimate of per unit cost.

Q: Mr. Duncan asked if the guidelines require staff to acquire a residential property or as Mr. Duncan is thinking in some neighborhoods there may be some old commercial properties, where if you got rid of them could be a good location to convert it into a residential property.
 R: Ms. Welsh replied thatesotr

Public Comment:

ridge then asked foranycommentsfrom the audience. No one had any additional questions.

Overall	This Report Period	To Date
Total Projected Budget from All Sources	\$0.00	\$2,626,180.00
Total Budget	\$0.00	\$2,574,030.00
Total Obligated	\$0.00	\$2,574,030.00
Total Funds Drawdown	\$0.00	\$2,565,484.86
Program Funds Drawdown	\$0.00	\$2,251,346.00
Program Income Drawdown	\$0.00	\$314,138.86
Program Income Received	\$0.00	\$314,138.86
Total Funds Expended	\$0.00	\$2,553,268.92
HUD Identified Most Impacted and Distressed	\$0.00	\$0.00



Other Funds	\$ 0.00	\$ 52,150.00
Match Funds	\$ 0.00	\$ 52,150.00
Non-Match Funds	\$ 0.00	\$ 0.00

Funds Expended

Overall	This Period	To Date
City of Elkhart1	\$ 0.00	\$ 2,553,268.92

Progress Toward Required Numeric Targets

Requirement	Target	Projected	Actual
Overall Benefit Percentage	99.99%	.00%	.00%
Minimum Non Federal Match	\$.00	\$.00	\$52,150.00
Overall Benefit Amount	\$2,316,797.30	\$.00	\$.00
Limit on Public Services	\$337,701.90	\$3,000.00	\$2,250.00
Limit on Admin/Planning	\$225,134.60	\$260,000.00	\$258,875.60
Limit on Admin	\$.00	\$260,000.00	\$258,875.60
Most Impacted and Distressed	\$.00	\$.00	\$.00
Progress towards LH25 Requirement	\$644,257.25		\$733,131.52

Overall Progress Narrative:

No changes to program. Still in the affordability period. No properties sold and no program income collected.

Project Summary

Project #, Project Title	This Report	To Date	
	Program Funds Drawdown	Project Funds Budgeted	Program Funds Drawdown
1, Administration	\$0.00	\$260,000.00	\$236,078.13
2, Purchase/Rehab	\$0.00	\$1,190,725.00	\$1,003,153.60
3, Land Bank	\$0.00	\$264,478.00	\$172,692.68
4, Demo blighted structures	\$0.00	\$559,209.00	\$541,995.26
5, Redev demo/vacant	\$0.00	\$299,807.00	\$297,426.33

