

**Grantee: Springfield, OH**

**Grant: B-08-MN-39-0012**

**April 1, 2009 thru June 30, 2009 Performance Report**

**Grant Number:**

B-08-MN-39-0012

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

Springfield, OH

**Award Date:****Grant Amount:**

\$2,270,009.00

**Contract End Date:****Grant Status:**

Active

**Review by HUD:**

Reviewed and Approved

**Submitted By:**

No Submitter Found

## Disasters:

### Declaration Number

NSP

## Plan Description:

The City determined the geographic areas of interest by looking at the data required by HUD first. Along with this data, staff analyzed data from a 2002 housing study completed by Wittenberg University, the 2005-2009 Consolidated Plan, census information and staff knowledge of the area in terms of type, age and condition of housing in the areas, neighborhood resiliency and the market for the sale of homes in the areas being analyzed. The first data set of concern for staff was the percentage of foreclosures in each census tract and block group. This information was gathered using data from 2007 and 2008 Sheriff's sales that were plotted on a map and counted by census tract and block group. This set of data would prove to be the cornerstone upon which our decision would be based. The NSP funds are to be used, not to prevent foreclosures, but to address the neighborhoods in which the foreclosures had already occurred and had had a blighting influence. Staff agreed upon the importance of structuring programs to assist in stabilizing the neighborhoods where hi numbers of foreclosures had already occurred; including 5-2 (5.6%), 11.01-1 (5%), 11.02-3 (4.8%), 12-6 (4.7%), 15-5 (4.6%), 15-3 (4.5%), 6-1 (4.3%), 21-1 (4.1%), 11.01-2 (4.1%), and 6-3 (4%). The second analysis was conducted on the areas with the highest percentage of HMDA Hi-Cost Loan Rates and the Predicted 18 month Foreclosure Rate. Staff utilized data provided from HUD for this analysis. When ranking this data from highest percentages to lowest, staff found that the two data sets aligned throughout the chart. Analysis found these numbers to be much less concentrated than the foreclosure rate with 20 block groups having a HMDA Hi-Cost Loan Rate of at least 55.6%. The following numbers indicate block groups in this category; 9.02-2, 9.02-1, 3-2, 3-4, 3-3, 3-1, 5-2, 5-1, 5-3, 12-6, 12-1, 12-5, 12-3, 12-2, 12-4, 11.02-3, 11.02-1, 11.01-1, and 11.01-2. In combining these three sets of data, staff looked for areas that ranked highest in the percentage of foreclosures and also ranked high in the second analysis. As a result of this analysis, staff began concentrating on the areas of 5-2, 6-1, 12-6, 11.01 and 11.02. It should be noted that all block groups contained

## Recovery Needs:

Following the preliminary data analysis, the City held a round table discussion with representatives from the banking and realty business, the local BIA, the Housing Authority, the City's CHDO, other housing related non-profits, a local appraiser, political officials, and other interested parties. The City gathered input regarding areas of concentration for this program and anticipated activities under this program. Staff used the expertise in the room, as well as their own professional experience within the Springfield neighborhoods to come up with the following areas and strategies:

Census Tract 11.01 and 11.02 - herein referred to as the Highland Southgate Area. These census tracts contained the 2nd and 3rd highest foreclosure rates for block groups in the City and had a total of 3 block groups in the top two block groups. Additionally, the Hi-Cost Loan rate for the 2 census tracts ranged between 57% and 55%, indicating that the foreclosure issue is not nearly over in this area. In looking at the Wittenberg Housing Study conducted for the City in 2002, this area was called a Transitional Area. Transitional Areas are areas within the City where the house values are lower than would be predicted by the median income of the area. In these areas, homeowners could afford a higher priced home. These homeowners might be likely to leave the area for higher home values, or they could also invest more into their current homes.

A survey of the housing stock in the Highland Southgate Area found a dichotomy of housing types. The Northern and far Eastern boundaries of this area contain larger, older homes, which might be less expensive to purchase, but will likely have a much higher rehab and utility costs (which speaks to the long term affordability of the home). West of the Limestone boundary and South of Perrin Avenue there are also a number of smaller, newer, one-story homes, many of which are also brick. Rehab and utility costs for these homes are likely to be lower, making them ideal for rehab.

Both the design and fabric of this neighborhood are fairly strong despite the foreclosures negative influences. In 11.02 especially, the neighborhood is well planned with larger lots and a neighborhood friendly layout. Throughout both census tracts, there are neighborhood groups that have had a strong influence in bringing resources to the area. It is this combination that staff believes will make a difference in the revitalization efforts in the area.

Funds for this area will be geared towards acquisition, rehab and disposition, with some circumstances where demolition and new construction or demolition of blighted structures may also benefit the area. Staff will be looking at activities in terms of how they will impact the entire neighborhood. In doing so, it is the goal to keep this neighborhood intact. The majority of the activity will be done with an end buyer and the neighborhood in mind. In fact, ideally the end buyer would be identified in initial stages of identifying a vacant and foreclosed home and will have input on the rehab process.

Rehab done in this area will employ green technology and energy efficiency measures as utility expenses are a real cost that the future homeowners will need to address. The City also plans to conduct open houses and workshops for the neighborhood residents utilize these homes to showcase what is being done. Staff sees this as a real opportunity to assist the rest of the them about what can be done to cut utility costs in their own homes.

In the instance that there is a blighted vacant-foreclosed home in the area that is integral to the continuity of the neighborhood, all effort will be made to do both demolition and reconstruction in order to preserve the neighborhood. Conversely, there may also be a blighted structure that is not particularly well placed in the neighborhood. Such structures will be considered for demolition only.

Census tract 5 block group 2 - herein referred to as the Lagond Corridor. This block group has the highest foreclosure rate (5.6%) and is in the third highest Hi-Cost Loan tier. Surveying this area, staff found an area that is very concentrated in its housing. Area lots are very narrow and houses on those lots are typical older, small two story homes that have outlived much of their useful life. Staff contends it would be cost prohibitive to rehab this housing stock, yet feel this is an area, given the date, that should not be ignored.

Neighborhood design also affects this area. Streets are very narrow, and as mentioned, lots are very small/narrow as well. Much of the housing here does not have garage access, adding parking congestions to the area problems. Neighborhood fabric, likewise, is affected in this area. Currently there is no active neighborhood group in the area. Like the housing stock, the people living in this neighborhood have been negatively affected by foreclosures.

Staff believe this area can benefit most from clearing out as many of the vacant and blighted homes as possible. The 2002 Wittenberg Study indicated a need for the City to demolish 450 vacant, blights and obsolete homes within the City. While the City has worked on this, continued housing decline, population loss and of course the foreclosure issues have only increased this number. Staff will look at vacant and foreclosed homes that might have owner occupied structures on either side. If this is the case, acquisition and demolition will be considered if the adjoining property owners are interested in the lot. Staff will also consider acquisition if there is a plausible redevelopment use for the lots. It is anticipated, however, that most of the activity in the area will be done under demolition of blighted structures activity. It is our belief that by eliminating the worst of the housing, the area can be de-concentrated to the point that the neighborhood is able to function again and housing values will stabilize making the neighborhood a more desirable place to live in.

Census Tract 6 Block Group 1 - herein referred to as the Old McGuffey School Area. The Old McGuffey School Area has data that surprised staff. The block group is 7th overall in the rate of foreclosures, and has a hi-Cost Loan rate of 49.2%. Homes in the area are modest in size, and most are in fairly good condition. Many of the homes in this area are a bungalow style which is similar in design to what is currently built by Habitat for Humanity.

The neighborhood design makes sense in this community. The streets and lots have character, as do many of the homes in the area. Currently there are no organized neighborhood groups in the area. The City hopes that by bringing some new investment into this community, that it will both stabilize the housing market and create City-neighbor and neighbor-neighbor relationships such that the area can organize and have an active role in their local government.

Funds for this area will primarily be used for either acquisition and reconstruction of acquisition and rehab, targeting households at or below 50% of the area median income. The City will investigate partnering with the local Continuum of Care for rental units. It is the City's intention to release a request for applications to these agencies. Applications will outline the needs of clients being served by these agencies and how the City can partner with them in a housing development project. Activities may include demolition, acquisition-demolition and reconstruction of acquisition and rehab. End use might be for rental and/or owner-occupancy.

Census Tract 12 Block Group 6 - herein referred to as Grand Avenue South. This block group ranked 4th in rate of foreclosures with 4.7% and was in the 4th highest tier of Hi-Cost loans with 60.7%. Staff found this area to be a very typical older urban neighborhood; one in which many empty lots already exist as a result of past demolitions. Despite an active demolition program in this area, many blighted structures still remain in the area. Many of the

homes that remain are large rental units, many of them vacant, that have not been kept up and have active code violations.

Neighborhood design in this area is typical of an older urban residential neighborhood. There is very little of note about the square block and regular sized and shaped lots. The area has two very wide and heavily traveled streets, Clifton and Grand Avenues, which intersect this neighborhood. There are a couple of old neighborhood groups in this area that are no longer active, with one group that exists on the area's western-most edge.

Staff feels this area has the potential to see a great improvement with the investment of NSP funds. This investment is also likely to impact a larger area. Substantial investment has been put into the neighborhoods to the North and South of this area. The North contains a new affordable housing development by Neighborhood Housing Partnership and to the South is the new HOPE VI development. All three areas are encompassed by a Community Reinvestment Area designation, furthering the possibilities in this area. Funds in this area, like the McGuffey School Area, will be allocated based on the result of the Request for Applications from the local Continuum of Care agencies including the local affiliate of Habitat for Humanity mentioned earlier. Staff would like to see creative proposals that would coordinate these agencies and produce a plan that helps connect and continue the investment that already exists to the north and south of this area. We anticipate that all activities in this area will meet the requirement to house folks at or below 50% area median, and also assist the Continuum of Care to meet some of the goals they have outlined in their Plan to End Chronic Homelessness.





| <b>Overall</b>                                 | <b>This Report Period</b> | <b>To Date</b> |
|--|---------------------------|----------------|
| <b>Total Projected Budget from All Sources</b> | N/A                       | \$2,270,009.00 |
| <b>Total CDBG Program Funds Budgeted</b>       | N/A                       | \$2,270,009.00 |
| <b>Program Funds Drawdown</b>                  | \$32,943.38               | \$32,943.38    |
| <b>Obligated CDBG DR Funds</b>                 | \$32,943.38               | \$32,943.38    |
| <b>Expended CDBG DR Funds</b>                  | \$32,943.38               | \$32,943.38    |
| <b>Match Contributed</b>                       | \$0.00                    | \$0.00         |
| <b>Program Income Received</b>                 | \$0.00                    | \$0.00         |
| <b>Program Income Drawdown</b>                 | \$0.00                    | \$0.00         |

## Progress Toward Required Numeric Targets

| Requirement                        | Required     | To Date |
|------------------------------------|--------------|---------|
| Minimum Overall Benefit Percentage | \$99.99      | \$0.00  |
| Minimum Non-Federal Match          | \$0.00       | \$0.00  |
| Limit on Public Services           | \$340,501.35 | \$0.00  |
| Limit on Admin/Planning            | \$227,000.90 | \$0.00  |
| Limit on State Admin               | \$0.00       | \$0.00  |

## Progress Toward Activity Type Targets

## Progress Toward National Objective Targets

### Overall Progress Narrative:

The City of Springfield is in the process of selecting foreclosed homes for the Purchase, Rehab and Resale project. It has acquired one home and is working on additional purchases while working through the rehab stage of the first home.

The City has also accepted applications for project funding from non-profits participating in the local Continuum of Care process to providing housing for their clients. Applications were received and approved from Habitat for Humanity, St. Vincent DePaul Society, Interfaith Hospitality, MRDD and Housing Connections, and Mental Health Services. The City will be looking at getting these entities under contract and purchasing properties for their projects.

The City has not yet begun activities under the Demolition project.

## Project Summary

| Project #, Project Title                                     | This Report Period     |                        | To Date                |                        |
|--|------------------------|------------------------|------------------------|------------------------|
|  | Project Funds Budgeted | Program Funds Drawdown | Project Funds Budgeted | Program Funds Drawdown |
| 9999, Restricted Balance                                     | \$0.00                 | \$0.00                 | \$0.00                 | \$0.00                 |
| ADMIN 100, Administration                                    | \$0.00                 | \$0.00                 | \$227,000.00           | \$0.00                 |
| AR 400, Acquisition Rehab (B)                                | \$0.00                 | \$32,943.38            | \$850,000.00           | \$32,943.38            |
| AR-RENTAL 500, Acquisition Rehab- Rental-25% set aside (B/E) | \$0.00                 | \$0.00                 | \$843,009.00           | \$0.00                 |
| DEMO 200, Demolition (D)                                     | \$0.00                 | \$0.00                 | \$100,000.00           | \$0.00                 |
| DEMO 300, Redevelopment-Reconstruction -25% set aside(E)     | \$0.00                 | \$0.00                 | \$250,000.00           | \$0.00                 |

## Activities

**Grantee Activity Number:** ACQUISITION-R 400

**Activity Title:** Acquisition

**Activity Category:**

Acquisition - buyout of residential properties

**Activity Status:**

Planned

**Project Number:**

AR 400

**Project Title:**

Acquisition Rehab (B)

**Projected Start Date:**

03/31/2009

**Projected End Date:**

03/31/2013

**National Objective:**

NSP Only - LMMI

**Responsible Organization:**

City of Springfield

**Overall**

**Apr 1 thru Jun 30, 2009**

**To Date**

|  |             |              |
|--|-------------|--------------|
| <b>Total Projected Budget from All Sources</b> | N/A         | \$350,000.00 |
| <b>Total CDBG Program Funds Budgeted</b>       | N/A         | \$350,000.00 |
| <b>Program Funds Drawdown</b>                  | \$32,943.38 | \$32,943.38  |
| <b>Obligated CDBG DR Funds</b>                 | \$32,943.38 | \$32,943.38  |
| <b>Expended CDBG DR Funds</b>                  | \$32,943.38 | \$32,943.38  |
| <b>Match Contributed</b>                       | \$0.00      | \$0.00       |
| <b>Program Income Received</b>                 | \$0.00      | \$0.00       |
| <b>Program Income Drawdown</b>                 | \$0.00      | \$0.00       |

**Activity Description:**

(24 CFR570.201(n) and .202) - This activity will be utilized to purchase homes for a homeownership project. The City will purchase a vacant and foreclosed upon home at a discounted rate. Homes will be carefully considered based on the potential discount, cost of rehab and resale value. Once purchased, the City will draft rehab specs, to bring the home up to code and make it decent, safe and sanitary and sell the home to a qualified family or individual. The City will also provide some direct homeownership assistance. (See rehab and project delivery and purchase assistance activities for more details).

**Location Description:**

The primary location for this activity will be in the Highland Southgate Area (Census tracts 11.01 and 11.02), concentrating on adding owner-occupied housing to this area. This area contains, smaller, newer built homes that will enable the city to keep the rehab costs lower than rehabbing a larger/older home.

**Activity Progress Narrative:**

Purchased single family foreclosed home from International Harvester Employees Credit Union. Contractor Open House held on 7/27/09 to received bids for rehab work.

**Performance Measures**

|                                   | This Report Period |     |       | Cumulative Actual Total / Expected |      |       |
|-----------------------------------|--------------------|-----|-------|------------------------------------|------|-------|
|                                   | Low                | Mod | Total | Low                                | Mod  | Total |
| # of Properties                   | 0                  | 0   | 1     | 0/0                                | 0/0  | 1/10  |
| # of housing units                | 0                  | 0   | 1     | 0/0                                | 0/0  | 1/10  |
| # of Households benefitting       | 0                  | 0   | 0     | 0/0                                | 0/10 | 0/10  |
| # of Parcels acquired voluntarily | 0                  | 0   | 1     | 0/0                                | 0/0  | 1/10  |

**Activity Locations**

**Address**

1815 Wittenberg Blvd W.

**City**

Springfield

**State**

NA

**Zip**

45506

## Other Funding Sources Budgeted - Detail

### No Other Match Funding Sources Found

#### Other Funding Sources

Amount

No Other Funding Sources Found

Total Other Funding Sources

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