

Grantee: Cincinnati, OH

Grant: B-11-MN-39-0003

October 1, 2020 thru December 31, 2020 Performance Report

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| Grant Number: B-11-MN-39-0003 | Obligation Date: | Award Date: |
| Grantee Name: Cincinnati, OH | Contract End Date: | Review by HUD: Reviewed and Approved |
| Grant Award Amount: \$3,160,661.00 | Grant Status: Active | QPR Contact: AISHA TZILLAH |
| LOCCS Authorized Amount: \$3,160,661.00 | Estimated PI/RL Funds: \$900,000.00 | |
| Total Budget: \$4,060,661.00 | | |

Disasters:

Declaration Number

NSP

Narratives

Summary of Distribution and Uses of NSP Funds:

In order to establish areas of greatest need, a thorough analysis was conducted. This analysis included the evaluation of: HUD NSP3 Need Scores, local market conditions, housing and community development goals, and ongoing housing, business, and code enforcement activities. Using this approach, target areas within the City of Cincinnati were identified which meet NSP3 defined objectives. First, the City utilized data provided by HUD to identify neighborhoods with high NSP3 need scores. This data included a foreclosure risk score, Low-, Moderate-, Middle- Income Area Benefit designation (as defined by HUD), address vacancy, and other information for each block group. Building on the market conditions established by the HUD Need Score the City examined additional local market data and neighborhood characteristics. The purpose of this was to determine the appropriateness of implementing NSP3 activities in potential target areas. This analysis included a review of the REO and vacant property available, nature of existing housing stock and potential market demand. In accordance with the NSP3 objective to focus on the creation of affordable rental housing, specific emphasis was placed on identification of available, NSP-eligible, multifamily units.

The final step in targeting areas of greatest need was to analyze the level of community and economic development activity taking place throughout the City. The alignment of NSP3 activities with NSP1 and NSP2 activities, as well as, with other Community Development efforts will serve to increase the overall stabilizing effect of all program efforts. It the goal of the City to align NSP3 activities with other Federal, State, and local initiatives. To accomplish this, completed, currently underway, and planned projects within high need score neighborhoods were identified.

As a result of the analysis outlined above, target areas within the City of Cincinnati were identified for NSP3 implementation. NSP3 activities will take place within four City neighborhoods: Bond Hill, South Fairmount, Northside, and Evanston. The neighborhoods proposed as NSP3 target areas have a combined HUD-determined NSP3 Need Score within the necessary range, demonstrate alignment with other Community Development efforts, and have previously been involved in NSP. It is the goal of the City to continue work within these four communities in order to: increase property values, decrease number of dilapidated and/or vacant units, enhance affordable housing, increase the level of homeownership, and increase the availability of rental housing. Continued work within these neighborhoods will also provide the best opportunity for our NSP3 investment to make visible and quantifiable impact.

Based on both the market evaluation and the needs of the NSP3 target neighborhoods, the City will continue to implement three overarching stabilization initiatives: Affordable Multi-Family Rental Housing, Affordable Single-Family Homeownership, and Hazard Abatement and Demolition. In the neighborhoods of Evanston and Northside the City will implement NSP3 Affordable Rental Housing activities. In the neighborhood of Bond Hill the City will implement NSP3 Affordable Homeownership activities. In the neighborhoods of Evanston, Northside, Bond Hill and South Fairmount the City will implement NSP3 Hazard Abat

Summary of Distribution and Uses of NSP Funds:

ement and Demolition activities.

Citizen Participation Plan

The City of Cincinnati followed its citizen participation process as described in the Consolidated Plan and as modified by the NSP3 Notice in order to ensure the public is aware of the NSP3 Substantial Amendment. Citizens have reasonable and timely access to information and records relating to Cincinnati's Consolidated Plan documents by contacting the City of Cincinnati Office of Budget and Evaluation, Room 142, City Hall, between the hours of 8:00 a.m. and 4:00 pm., or by calling 513.352.3232. Notice of a public hearing which explicitly mentioned NSP3 appeared in The Cincinnati Enquirer, a newspaper of general circulation, and its associated website Cincinnati.com as well as in the City Bulletin, a legal notice publication of the City of Cincinnati, in September 2010 as mandated by the public comment procedures in the Consolidated Plan. The public hearing took place October 7, 2010. The City of Cincinnati NSP3 Substantial Amendment to the Consolidated Plan, including the NSP3 mapping tool data and narrative, was published and posted on the on the City's website <http://www>.



cincinnati-oh.gov/cdap/downloads/cdap_pdf41209.pdf from February 13 – 28, 2011. The Cincinnati City Council considered and approved submission of the NSP Substantial Amendment at its meeting held on February 24, 2011. The City Council meeting was held in City Hall, which is an accessible facility. Other accommodations for sight or hearing-impaired persons and for non-English speaking persons were available upon request. The City considers all comments from citizens prior to the submission of the substantial amendment as part of its amendment process.

There were no public comments received.

How Fund Use Addresses Market Conditions:

The regional housing market has demonstrated weakness over the past twelve months, however, not at the rate or severity as the national housing market. The local housing stock, in addition, typically does not meet current market preferences. The mismatch in housing stock and housing demand has resulted in structurally obsolescent housing units excess, declining sale prices, declining values, abandonment of units, and conversion of single-family homeowner units to sub-standard rental housing units.

The combination of population loss and increase in unemployment has resulted in a less dense residential core. Homes, apartment buildings and other residential units are being neglected and/or abandoned. Vacancy rates are high in relation to surrounding communities. A continual and gradual lack of employment and/or underemployment is a driving factor in the regional housing crisis. The vacancy scores in the target geography substantiate the high vacancy problems. The communities at the focus of the City's NSP3 Action Plan have suffered dramatic economic and social decline, which has been further impacted by the foreclosure crisis.

Target areas selected for NSP3 activities have a cumulative NSP3 Need Score above the State Minimum Qualifying NSP3 Need Score. This indicates these areas are in high need of NSP3 assistance. Specifically, the target areas show high rate of foreclosures, delinquencies, subprime loans as well as high rates of vacancy. Additional market research suggests that the foreclosure and abandonment issues within the target areas are not related to over-building and over-valuation of the housing stock, but rather a significant loss of employment and large stock of vacant structures. These communities historically have lower economic indicators and thus, tend to have higher rates of foreclosure and occurrence of vacant homes. Existing households have limited resources and are less likely to avoid foreclosure due to employment loss, low and negative equity mortgage lending practices, etc. Finally, the selected target areas have been involved in NSP previously allowing for a practical understanding of the market forces at work in the areas.

Based on an analysis of the above listed factors the City has determined the market types of the target areas of Evanston, Northside and Bond Hill to be moderate-demand with a higher supply of eligible properties. While the target area of South Fairmount was found to be low-demand with a high supply of eligible properties. As a result the City will undertake two separate strategies: (1) Heavily subsidized rehabilitation and redevelopment activities of both rental and homeownership units; and (2) Demolition of blighted structures. A detailed breakdown of the activities to be implemented by target areas is included below.

Procedures for Preferences for Affordable Rental Dev.:

In accordance with the Dodd-Frank bill the City of Cincinnati will incorporate affordable rental housing in NSP3 activities in the target areas of Evanston and Northside. The City will utilize the majority of its NSP3 grant amount towards the development of affordable rental housing. Affordable rental housing will be implemented to meet the Low-Income Housing 25% Set-Aside. Additionally, the City will develop affordable rental housing targeted at Low Moderate Middle Income (LMMI) residents. Approximately twenty-six (26) units of affordable rental housing will be created through NSP3. This production level was arrived at based on the funding available through NSP3 and a realistic estimate of outside leverage available to finance the projects.

Ensuring Continued Affordability:

When Neighborhood Stabilization Program (NSP) funds are used to develop affordable rental housing in the City of Cincinnati, a Compliance Period is established at project completion and is based on the number of assisted units developed and the amount of NSP funding invested. This period will range from 5 to 20 years based on the amount of NSP funds invested per unit, and following the HOME regulations for the affordability period. Maximum rent levels will be established annually using the HIGH HOME RENT LIMIT as published by HUD in the HOME Program Rents schedule. The City of Cincinnati reserves the right to impose lower Maximum Rents ("Low HOME Rent Limit") in units designated to serve households that are at or below 50% of the Area Median Income. In that Compliance Period, tenant rents will be monitored in a way similar to the method used by the City to monitor HOME funds. Tenant Leases will be reviewed to insure language that is not applicable has been removed. Tenant rents will be monitored annually during the affordability period to ensure compliance. The City will determine if properties are in compliance by conducting desk audits of signed self-certifications, on-site visits, and tenant file reviews. On smaller projects, the City will assess 100% of the tenants occupying NSP assisted units to verify that tenant rents and income meet program requirements. Projects consisting of approximately 25 units or more are evaluated by randomly selecting at least 20% of the NSP-assisted units. A correction period will be noted to allow property management opportunities to correct any findings or concerns. Owners who do not meet the NSP requirements within the remediation period will be referred to the Law Department for legal action. In addition, owners who have not resolved compliance violations will be excluded from participating in other City housing programs until they have corrected the deficiencies and remained in compliance for a year.

Definition of Blighted Structure:

The City's definition of "blighted structure" in the Cincinnati Municipal Code is provided below.

Sec. 727-1-B. Blighted Premises. "Blighted premises" shall mean premises which because of their age, obsolescence, dilapidation, deterioration, lack of maintenance or repair or any combination thereof constitute a serious fire hazard, a serious health hazard, a substantial and unreasonable interference with the reasonable and lawful use and enjoyment of other premises within the neighborhood or a factor seriously depreciating property values in the neighborhood.

Definition of Affordable Rents:

The City of Cincinnati will define "affordable rents" for the Neighborhood Stabilization Program using the Low HOME rents definition as stated in the Building HOME training manual. This citation is below.

Units must have rents which are no greater than: Thirty (30) percent of the tenant's monthly adjusted income, OR thirty (30) percent of the annual income of a family whose income equals 50 percent of median income (Low HOME Rent), OR if a project has a federal or state project-based rental subsidy and the tenant pays no more than 30 percent of his or her adjusted income toward rent, the maximum rent may be the rent allowable under the project-based rental subsidy program.

Housing Rehabilitation/New Construction Standards:

Single-family residential properties acquired and rehabilitated under this program will be subject to City of Cincinnati NSP Single-Family Residential Rehabilitation Standards, which can be found on the City's website http://www.cincinnati-oh.gov/cdap/downloads/cdap_pdf41208.pdf. These Standards utilize the State of Ohio Department of Development Housing



Rehabilitation Handbook Part II Residential Rehabilitation Standards (RRS) located at <http://www.development.ohio.gov/cms/uploadedfiles/CDD/OHCP/Residential%20Rehabilitation%20Standards.pdf> as a minimum threshold. The Cincinnati Rehabilitation Standards have gone one step further to overlay RRS with NSP-specific amendments mandating energy efficiency and green standards to be included in all rehabilitation work completed under the City's NSP3 Program. When in conflict, the Cincinnati Rehabilitation Standards supersede RRS to guarantee compliance with HUD directives. The Standards also serve to ensure consistency between units completed through the NSP3 Program, meet or exceed the standards set forth by the Energy Star Qualified New Homes Standards, and ensure that program funds are used in the most efficient manner possible. Multifamily structures will incorporate the American Society of Heating, refrigerating, and Air-conditioning Engineers (ASHRAE) Standard, as mandated by NSP3 Regulations. In addition, units will be subject to the Lead Based Paint regulations, as specified in Section 401 (b) of the Lead Based Paint Poisoning Prevention Act, and 24 CFR Part 35 Subparts B and J.

Vicinity Hiring:

In order to comply with the mandate included in the Dodd-Frank bill, to the maximum extent feasible, provide for the hiring of employees who reside in the City's NSP3 target areas, the City of Cincinnati will include specific contractual provisions within all Development agreements executed for NSP3 projects in the respective target areas. The contractual provisions will include language outlining the requirements which must be met in order to comply with Vicinity Hiring. Additionally, acceptable implementation methods which must be utilized and documented will be included in development agreements. The above prescribed implementation structure of Vicinity Hiring will most efficiently align this requirement with the City's existing Section 3 implementation program.

Grantee Contact Information:

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| Overall | This Report Period | To Date |
|--|---------------------------|----------------|
| Total Projected Budget from All Sources | \$0.00 | \$3,517,987.94 |
| Total Budget | \$0.00 | \$3,517,987.94 |
| Total Obligated | \$0.00 | \$3,512,956.56 |
| Total Funds Drawdown | \$0.00 | \$3,501,982.42 |
| Program Funds Drawdown | \$0.00 | \$2,966,056.35 |
| Program Income Drawdown | \$0.00 | \$535,926.07 |
| Program Income Received | \$0.00 | \$922,326.94 |
| Total Funds Expended | \$0.00 | \$3,515,646.55 |
| HUD Identified Most Impacted and Distressed | \$0.00 | \$0.00 |
| Other Funds | \$ 0.00 | \$ 0.00 |
| Match Funds | \$ 0.00 | \$ 0.00 |
| Non-Match Funds | \$ 0.00 | \$ 0.00 |

Funds Expended

| Overall | This Period | To Date |
|---|--------------------|-----------------|
| Bond Hill Community Urban Redevelopment Corporation | \$ 0.00 | \$ 423,497.62 |
| CNCURC-Cincinnati Northside Community Urban | \$ 0.00 | \$ 1,085,166.22 |
| City of Cincinnati | \$ 0.00 | \$ 656,982.71 |
| Losantiville Evanston, LLC. | \$ 0.00 | \$ 1,350,000.00 |

Progress Toward Required Numeric Targets

| Requirement | Target | Projected | Actual |
|-----------------------------------|------------------|------------------|---------------|
| Overall Benefit Percentage | 99.99% | .00% | .00% |
| Minimum Non Federal Match | \$.00 | \$.00 | \$.00 |
| Overall Benefit Amount | \$406,025,493.39 | \$.00 | \$.00 |
| Limit on Public Services | \$474,099.15 | \$.00 | \$.00 |
| Limit on Admin/Planning | \$316,066.10 | \$340,292.46 | \$.00 |
| Limit on Admin | \$.00 | \$340,292.46 | \$.00 |



| | | | |
|--|----------------|--------|----------------|
| Most Impacted and Distressed | \$.00 | \$.00 | \$.00 |
| Progress towards LH25 Requirement | \$1,015,165.25 | | \$1,350,000.00 |

Overall Progress Narrative:

The NSP projects are still on hold and no progress has been made during the fourth quarter of 2020.

Project Summary

| Project #, Project Title | This Report | To Date | |
|---|------------------------|------------------------|------------------------|
| | Program Funds Drawdown | Project Funds Budgeted | Program Funds Drawdown |
| 10002, NSP3 Affordable Rental/Homeownership | \$0.00 | \$1,511,629.48 | \$1,027,681.73 |
| 10003, NSP3 LH25 Affordable Rental Project | \$0.00 | \$1,350,000.00 | \$1,327,490.84 |
| 10004, NSP3 Hazard Abatement and Demolition | \$0.00 | \$316,066.00 | \$316,066.00 |
| 10005, NSP3 Administration | \$0.00 | \$340,292.46 | \$294,817.78 |